

Friday June 19 1998

Adelaide 0.50	Geneva 0.50	Osaka 1.00
Athens 0.50	Hong Kong 1.50	Palmerston 0.50
Bombay 0.50	London 1.00	Perth 0.50
Buenos Aires 0.50	Madrid 1.00	Port of Spain 0.50
Calcutta 0.50	Moscow 1.00	San Francisco 0.50
Chennai 0.50	New York 1.00	Seattle 0.50
Colombo 0.50	Paris 1.00	Singapore 0.50
Copenhagen 0.50	Rome 1.00	Sydney 0.50
Dubai 0.50	Stockholm 1.00	Taipei 0.50
Hankow 0.50	Tokyo 1.00	Ulsan 0.50
Harbin 0.50	Washington 1.00	Yokohama 0.50
Heidelberg 0.50		
Hong Kong 1.50		
Kobe 0.50		
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# The Guardian

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The Test online

Sport98

## Frankie Dettori strikes gold at Ascot

www.clicker98.co.uk

G2 with European weather

Jonathan Steele

## We must rescue the oppressed

This section, page 12

# Doctors pay the price

## Did you kill? The banned question



James Wisheart outside the General Medical Council yesterday. His solicitor said he had 'done his best but had been found wanting in his mission to save life' PHOTOGRAPH SEAN SMITH

## Public inquiry into baby deaths

Sarah Bosoley  
Health Correspondent

**A** PUBLIC inquiry into the Bristol babies case was announced by the Government last night, as two eminent doctors were struck off the medical register following an unprecedented disciplinary inquiry which sent shockwaves through the medical profession and triggered major reforms to make doctors more accountable.

James Wisheart, a senior children's heart surgeon and former medical director of the United Bristol Healthcare Trust, and John Roylance, the chief executive, betrayed the trust of patients, the General Medical Council said yesterday, and they must pay the penalty in spite of their high standing, good intentions and integrity.

"At the centre of this inquiry is the trust that patients place in their doctors," said Sir Donald Irvine, GMC president, announcing the rulings. But parents whose children died in heart operations at the Bristol Royal Infirmary were far from satisfied. There were angry and distressing scenes as the third doctor, Janardan Dhasmana, walked away free to operate on adult patients, having been banned from children's heart operations for three years.

"The GMC protects working doctors," shouted Steven Willis, whose son Daniel died in a heart operation carried out by Mr Dhasmana. "He is the only one who is working, and you let him carry on."

Both Mr Wisheart and Dr Roylance have retired.

"Our children's blood is on your hands. How can you live with yourself?" cried a mother.

Mr Dhasmana's solicitor, Ralph Shipway, expressed the surgeon's "deep regret" over the deaths and his appreciation of support he had received from hundreds of former patients.

Mr Wisheart's solicitor, Robert Sumerling, said:

"James Wisheart's distress at today's decision is nothing compared with the death of just one of the children he set out to save, and those parents will never overcome their loss. He did his best, but he has been found wanting by the committee in his mission to save and improve life."

Shortly after the sentences were passed, the Health Secretary, Frank Dobson, speaking in the House of Commons, announced the public inquiry that the parents have been demanding. It will look into every aspect of what happened at the Bristol Royal Infirmary in the early 1990s.

The parents have been upset that the GMC limited its inquiry to 29 out of 53 children who died and ruled out all cases of brain damage.

The GMC acknowledged the need to look far more closely at what happened at Bristol. Sir Donald said they were concerned by "evidence suggesting institutional failures at the BRI and beyond".

The inquiry will have to investigate the conduct of other medical staff at Bristol, including GPs and anaesthetists who referred children to the surgeons or participated in operations, and the role of the Department of Health.

Mr Dobson has already had three meetings with the parents. "We owe it to them to ensure that this public inquiry gets to the bottom of what went wrong in Bristol — that all the facts are exposed and responsibility is identified," he said. The inquiry is to be chaired by Ian Kennedy, professor of health law, ethics and policy at University College London. Announcing the turn to page 2, column 8

# Mystified judge lifts the lid on the legend of Linford's lunchbox



Mr Justice Popplewell: a point of clarification

**IT** IS the piece of his anatomy for which Linford Christie is best-known: the subject of widespread envy, and the butt of endless jokes.

But, yesterday, the international renown of "Linford's lunchbox" appeared to have escaped a senior member of the judiciary.

"What is Linford Christie's lunchbox?" Mr Justice Popplewell (Charterhouse; Queens' College, Cambridge) asked the Olympic gold medalist in bemusement.

"They are making a reference to my genitals your honour," replied the agitated athlete. "I think it's disgusting."

The exchange came during the second day of a libel action in the High Court between Christie and former armed robber John McVicar, who alleged in an article that his international sporting success was due to illegal performance-enhancing drugs.

The allegations — in the now-defunct satirical magazine, *Spiked*, in September 1995 — centred on Christie's late development from "beanpole sprinter" to "powerhouse". The printer, Wiltshire (Bristol) Ltd, and distributors Johnson's News Ltd and W H Smith Ltd, are also being sued.

Yesterday, as the two men came face-to-face, following McVicar's dismissal of his solicitor and his decision to defend himself, the sprinter enlivened the normally genteel surroundings of court 13 with an outburst against the press for their preoccupation with the size of his manhood.

"They talk about Linford Christie's lunchbox. I do not like that. I think it's a stereotype. The more you tell them you don't like it the more they print it," said the former champion athlete, straight-faced.

It was at this point that the baffled judge — a 70-

year-old father-of-four — intervened to question his terminology.

His definition given, Christie warmed to his theme. The jokes were tantamount to sexual discrimination, he argued. "No one ever mentions Sally Gunnell's tits or anything like that. It's sexual discrimination. It's totally disgusting."

He continued: "I do not make a joke about it, because I do not think it is a joke."

McVicar responded: "You market bananas."

Christie retorted: "That's nothing to do with Linford Christie's lunchbox. I have had many occasions when

people asked me to make lunchboxes and call it a Linford Christie lunchbox."

McVicar, who became Britain's most-wanted man after his 1988 break-out from Durham jail, then claimed he had seen Christie's greatest athlete joke about this part of anatomy, by responding to a question about its size with the retort: "If your girlfriend saw how big it was she would leave you."

Christie replied: "I have tried to laugh it off. I think if I make a joke of it they might go away."

The athlete, from Twickenham, west London, then enthralled the jury by add-

ing: "People ask me how big is your dick and I say this big" — and stretched his arms out to their full extent.

The judge intervened to bring proceedings back to the drug-taking allegations at the heart of the case.

Christie, who repeatedly denied using banned substances, insisted he was willing to be tested any time. But he revealed his coyness. "I will give a sample but I don't like the process of how they take them. I do not like stripping my clothes off and having another person ogling my privates," he said.

The case continues.



Linford Christie: sizing up the situation for judge

<p><b>Inside</b></p> <p>Britain</p> <p>The country's most powerful men are to be exposed in a new series of articles by the Guardian's leading writers.</p> <p>Page 4</p>	<p><b>World News</b></p> <p>The British government is to launch a new campaign to attract investment to the country's regions of economic hardship.</p> <p>Page 10</p>	<p><b>Finance</b></p> <p>The British government is to launch a new campaign to attract investment to the country's regions of economic hardship.</p> <p>Page 16</p>
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## Sketch

£3.60 an hour?  
Bloomin' luxury!

Simon Hoggart

IN THE circumstances, Margaret Beckett did rather well. She had lost her great cabinet colleague Gordon Brown, who sat next to her nodding gravely as she made her statement about the National Minimum Wage.

You expected him to mutter: "Aye, that needed saying. If you wanted to keep your job, that is."

In short, Mrs Beckett was in the position of a Middle East hostage forced to video a confession of her crimes.

"We will begin to end the scandal of poverty pay," she said, to a shout of "Who's this we?" from the Tory benches.

When she got to the part about the differential, i.e. lower wage for 16-20 year olds (or "we are mindful of the need to protect the position of young people" as the Government, with its command of the euphemistical paradox prefers to put it), someone yelled: "Eat all your words and eat them slowly."

The Tories weren't going to let her forget her embarrassment. The Government's approach, she said, was in a "framework of partnership," and they bawled out with laughter at the very idea.

John Redwood replied. The ambitious Tory spokesman doesn't just mix metaphors, but put them into a cement mixer for half an hour. The minimum wage would "throw petrol on the inflationary flames". Pay rises were "fool's gold". This was, he said, "the Mods and Rockers government", and the minimum wage would prove "as effective as go-faster stripes on a scooter".

The brain cannot download all these images, and flashes up a message: "Not enough memory available. Contact your server help line."

But Mr Redwood charged on, finishing with a flourish: "This is back to the bad old ways, back to the bad old

days", the effect only slightly spoiled by a Labour cry of "And back to your planet!"

Dennis Skinner then baffled everyone by saying that every worker got payments in kind and that tips should not be taken into account when fixing the minimum wage. "Because, if they were, ministers would be in serious trouble."

"I don't have any recollection of being tipped," said Mrs Beckett tartly.

I also didn't know you were supposed to tip the Government. Perhaps it's in the tourist guide.

It is customary to tip waiters 10 per cent. For Chancellors of the Exchequer, 1 per cent of your tax bill is generally appropriate, though you may, if you are Gavin Davies, pay as much as 20 per cent for a particularly favourable loophole.

Labour MPs began to hilt back. Lynne Jones drew gasps from people who assumed that all Labour women were cringing poodles when she called the proposals "bitterly disappointing". John McAllion was furious about the exclusion of young people.

Nicholas Soames wondered whether the minimum wage would be inflation linked. Mrs Beckett was ready. "I see you have seven paid jobs in the Members' Register, so I am delighted that you are showing concern about low pay," she shot back. As for Tony Blair, it was "nauseating" to see him claim to be worried about unemployment "when he could give up some of the six jobs he has!"

A curious competitive "Three Yorkshiremen sketch began. Chris Mullin cited someone in his constituency paid 80p an hour. Chris Pond, formerly of the Low Pay Unit, said that was nothing. He knew of jobs which paid 49p.

Mr Beckett himself had cited 35p an hour.

No doubt their outrage was genuine. But how far would they go? "35p? Luxury! Ah've got a constituent who earns 7p an hour!"

"Seven pence? That's good money, that! I've got lawyers earning 1p a day!"

"They get wages? Listen, in my constituency, the heart surgeons have to pay to work. And they have to work through lunch break and all, and if they don't, they have to eat their own thighs..."

## Review

## Dark pop by son of dirgemeister

Adam Sweeting

Adam Cohen

The Water Rats, King's Cross

BEFORE the show, I had a poke round the Internet, looking for stuff about Adam Cohen. There were a couple of journalists of that name, and some boffin who had won a research fellowship worth oodles of dollars in Blanksville, USA. But of Adam Cohen, singer and songwriter, there was no sign.

That's bound to change pretty soon. Cohen, son of the legendary poet and dirgmeister Leonard, has paid just about enough dues to be ready to pounce on an ill-prepared world.

His first album, ingeniously titled Adam Cohen, will be released by Columbia (his dad's home for the past three decades) in a few weeks. It's a sly, provocative bunch of songs, played and produced with bags of studio expertise, but full of weird twists and murky corners. Cohen calls his music "dark pop", which describes it pretty well.

It's part of the legend of Leonard Cohen that, at his first solo gig at a New York folk club, he fled from the stage in terror. This looks unlikely to happen to Adam, who, at 23, has acquired the poise and physical self-assurance of a method actor.

Slipping out of his black leather jacket, Adam crouched behind his microphone stand as though figuring out ways to subdue it by cunning strategy.

In black jeans and a dark, skinny sweater with sleeves drooping down to his knuckles, he dramatised his songs with stark stabbing ges-

tures, crouches, jabs and dramatic jerks of the head. Occasionally, when the light fell on him at particular angles, he resembled the actor Ewan McGregor.

This was Cohen's first performance in England, but though it lasted barely half an hour, and took place in the cramped back room of a King's Cross pub, it was enough to serve notice of a substantial talent appearing over the horizon.

When his close friend Chris "son of Stephen" Skiles is consciously working in the same sort of musical territory as his father, you'd never guess Cohen Jr's lineage unless someone dropped you a hint.

Surrounded by his well-drilled band, he kicked off with a terse rendition of Quarterback, a broody exercise in suppressed violence.

Next up was Tell Me Everything, a shimmering love-triangle saga in which the singer interweaves a close friend who's sleeping with his girlfriend. Real-life experience? Maybe. It was a compelling performance, anyway.

Cranking up the emotional pressure with quiet glee, Cohen kept the atmosphere heavy and incestuous with a powerful version of Sister, written (he told us) about an acquaintance who set out to seduce Adam's sister as the next best thing to seducing Adam himself. As for Sister, it was the blackly humorous tale of what happened the day Cohen's girlfriend caught him reading her diary.

How One Mighty Have Fall was a cautionary parable about power, corruption and arrogance. Not autobiographical, we assume.

This review appeared in later editions yesterday.



Former pair Louise Woodward hugs her sister, Vicky, on her return to Elton, Cheshire, yesterday after being convicted of manslaughter in the US

## Two cheers for Woodward

David Ward

NO ONE can say she returned home in triumph: no one can say she was fêted as a heroine.

But, as Elton waited for the Woodward motorcade, someone had done his bit to cheer up the entrance to the Cheshire village by scrawling "Free at last. Welcome home Louise" on an envelope and sticking it on a post.

Elton had opted for caution and, wary of previous pictures of champagne and cheering that had winged round the world from the Rigger pub after the US judge reduced to manslaughter Louise Woodward's conviction for killing baby Matthew Eappeo, Elton stayed at home.

On the green opposite the pub, new yellow ribbons had been tied to a fence round a tree. From here there was a good view of the road down which Louise would travel.

You couldn't honestly say there was an air of expectation. Judith Cavan, who lives in a neighbouring town, said: "At the end of the day a child died, so it can't really be a celebration. I'm here, standing in the rain, out of curiosity more than anything. And it will be nice to welcome Louise home."

She'd helped a bit with the supporters' campaign, selling ribbons at work, was grateful for the "huge thank you" Louise had offered at her press conference and relieved to hear she had not sold her story. "I still believe she is totally innocent," she added.

A police motorcade arrived, its flashing blue lights helping to create a sense of occasion. Theo, a police Land Rover. And then the one we were waiting for: after an absence of 717 days, Louise Woodward, who had crossed the Atlantic in the first-class cabin of a jumbo jet, rode smiling into Elton in the front seat of a minibus.

As the bus turned into Marsh Lane, a lone voice cried: "Keep your chin up Louise. We know you're innocent." The vehicle pulled up outside the Woodwards' detached family home and Louise ran-in to hug her 19-year-old sister Vicky and the family dog. Ten minutes later she reappeared in denim jacket, jeans and trainers to smile for a few pictures with her parents, Sue and Gary.

Then she went back in and that was it.

"She wants to go to sleep," explained Andrew Miller, the MP for Ellesmere Port and Neston who had driven her from Heathrow to Manchester and minded her through her press conference.

Louise had put on an accomplished performance before scores of reporters and the stroboscope effect of photographers' flashlights, insisting on her innocence in her transatlantic accent. She was happy to be back on English soil, she was sorry for baby Matthew Eappeo's death, she wanted to thank her supporters and lawyers, she hadn't sold her story. And, no, she had no message for the parents of the child she is convicted of killing.

Asked if her life could ever be the same again, she answered simply: "Of course not. How could it be?"

Mr Miller said: "It's been a long haul. Seeing the yellow ribbons and the great public interest in the case has surprised Louise."

He maintained his unwavering loyalty to his constituent and declared: "I have no doubt whatsoever that Louise is a fit and proper person to look after children."

In Elton, Phil Ward, a loyal supporter from Newton-le-Willows, was overcome with emotion as he stood beneath a be-ribboned umbrella. "I just burst into tears of joy, because she's back with her family where she belongs," he said.

A bedraggled postman's lamp post seemed to catch the mood. It advertised a slimming class "where it isn't a sin to be less than perfect."

quietly. We felt they should be allowed to come home in a dignified way. We were highly criticised last time, so people thought they should let things roll naturally."

Away from what little action there was, Elton was quiet, except for a burglar alarm going mad in Parklands Drive. No yellow ribbons on homes named Rivendell, Panacea and Springhouse in Pinewood Close, but a house in Old Hall Lane was decorated with a black and white cat and a big banner proclaiming "Welcome home Louise!"

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At last an Elton resident appeared: Christine Gray, who helped with fundraising. "Sue and Gary looked at me and gave me a wave as they drove past," she said. "I felt I wanted to see Louise come home and I wanted to do it

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## Sales boom risks loan rate rise

High street consumer spree puts pressure on Bank to curb inflation

Charlotte Denny

SIGNS of a renewed spending spree on the high streets yesterday capped a week of worsening economic news for the Government, raising fears that the Bank of England will raise interest rates again.

High street sales leapt last month after subdued trading in April, according to figures released by the Office for National Statistics (ONS).

Slowing the boom is a prime concern for the Bank, which fears the strength of demand may be outstripping the economy's capacity to produce goods and services — leading to inflationary pressures.

Earlier in the week the

ONS revealed that inflation jumped last month despite the first rise in unemployment for more than two years. The underlying measure rose to 3.2 per cent, 0.7 percentage points above the Bank's target of 2.5 per cent.

The Governor of the Bank of England, Eddie George, admitted yesterday the economy could be about to enter a period of "stagflation" — rising inflation and falling growth. Speaking to the Treasury select committee, Mr George said inflation could rise even as job losses mount over the next few months.

Fears that the Bank may crash accelerating inflation with another rise in cost of borrowing pushed the pound up by two and half pence

against the German mark. Sterling is now threatening to breach the critical DM3 barrier, closing last night in London at DM2.99.

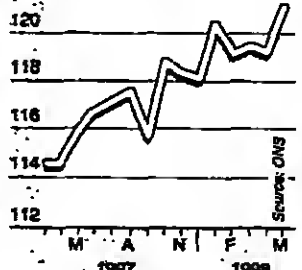
Further upward movements in the pound will increase the pressure on the already beleaguered manufacturing sector. City economists were yesterday urging the Bank not to overreact to the new data, arguing that the retail sales figures were a blip which went against the general picture of a slowing economy.

Government statisticians said that clothing and footwear sales rebounded sharply in May, after poor trading in April when weeks of rain put shoppers off purchasing summer wardrobes.

Retail sales rose by 1.7 per cent in May, after falling by 0.2 per cent in April, according to the ONS. The annual rate of growth rose to 4.6 per cent, its highest since January.

## On the up

Volume of retail sales, seasonally adjusted, 1990=100



An ONS spokesman said: "It would be dangerous to conclude the trend which was slowing has started to rise again, on the basis of one month's figures."

The Royal Bank of Scotland's head of UK Treasury

research, Marian Bell, said the figures increased the likelihood of a rate rise.

"It looks as though it is a weather-related boost, due to higher clothing and footwear sales," she said. "But coming in a bad week it has to increase the risk of another rise."

But the Conservatives warned that the economy was experiencing a boom and bust at the same time.

"The next meeting of the Bank's monetary policy committee will be faced with higher inflation, higher earnings growth and a Chancellor who has gone soft on public spending," said the shadow Treasury spokesman, David Heathcoat-Amory.

"Now they have these shock figures on high street spending. There must be a serious risk that they will respond by putting interest rates up yet again."

## Doctors pay the price for deaths of babies

continued from page 1

cuttings of the GMC's professional standards committee after eight months of hearings. Sir Donald said parents must be able to trust that a doctor will put their child's interests above all else.

Mr Wisbeach should have stopped performing hole-in-the-heart operations before his last three baby patients died. "The committee have heard you 'wrestled' in your mind about the high mortality rate, which was substantially higher than the published figures for hospitals elsewhere. 'Wrestling' was not enough," Sir Donald said. He misled parents as to the risks their children faced.

Dr Roylance, as chief executive, could have stopped the operations in which too many babies were dying, but "chose, over a long period, to ignore the concerns which were being brought to your attention," Sir Donald said.

Mr Dharmas recognised he had had problems and twice visited the best paediatric cardiac surgeon in the country to try to improve his results. But he could not get his technique right and should have stopped.

Maria Shortis, of the Bristol Heart Children Action Group, which the parents have formed, welcomed the inquiry. "We are dealing with a systematic failure, and a massive cover-up which has got to stop."

The United Bristol Healthcare NHS Trust said a public inquiry "will be the best way of fully exploring the events of the past and the trust will fully co-operate."

## Blair's virtue: £3.60 minimum hourly pay

Seumas Milne and Michael White

TONY Blair's cabinet made a virtue of its calculated caution over Britain's first national minimum wage last night after ministers proclaimed the "end of the scandal of poverty pay" for 2 million workers and fended off criticism over the Government's watering down of the Low Pay Commission's proposals.

While some trade union leaders and leftwingers attacked the "cherry-picking" of

the commission's report, surprising figures such as Dennis Skinner rallied to the Government's defence when Margaret Beckett made her historic announcement to the Commons yesterday.

To Downing Street's satisfaction, a combative Mrs Beckett put a brave face on her defeat by the Chancellor, Gordon Brown, over the details of the new system which will see 18- to 21-year-olds initially get only £3.20 an hour — and apprentices and 16- to 18-year-olds with no guaranteed minimum at all.

A £3.60 hourly rate for adults will come into effect next spring, as the commission wanted, but the Government has decided to stage the youth rate — it will rise to £3.20 in June 2000 — and extend it to cover 21-year-olds.

With pay rates rising in the economy as a whole, the Government is refusing to confirm the proposed rise from £3.20 to £3.70 in 2000.

The TUC said it was disappointed at the changes made to Professor George Bain's Commission's report, but regarded the final introduction of a legal floor under

wages as a historic breakthrough which could be built on. Other union leaders — such as Bill Morris, of the Transport and General Workers' Union, who damned the Government's decisions as "an endorsement of work-place poverty" — were less conciliatory. And one Government source said last night the Chancellor had made a "dog's breakfast" of the issue.

Mrs Beckett fought in Cabinet for acceptance of the Commission report as a whole, fearing that if the government tried to pick and choose the

parts it liked, industry would try too.

But Mr Brown inevitably prevailed against his old ally. Mrs Beckett told MPs last night that ministers had watered down the report because the economy is at "a critical point". With signs of a sharp slow-down ahead, the chancellor is more concerned to protect his welfare-to-work plans.

The CBI offered grudging support while echoing Tory fears that it would mean job losses.

Leader comment, page 12

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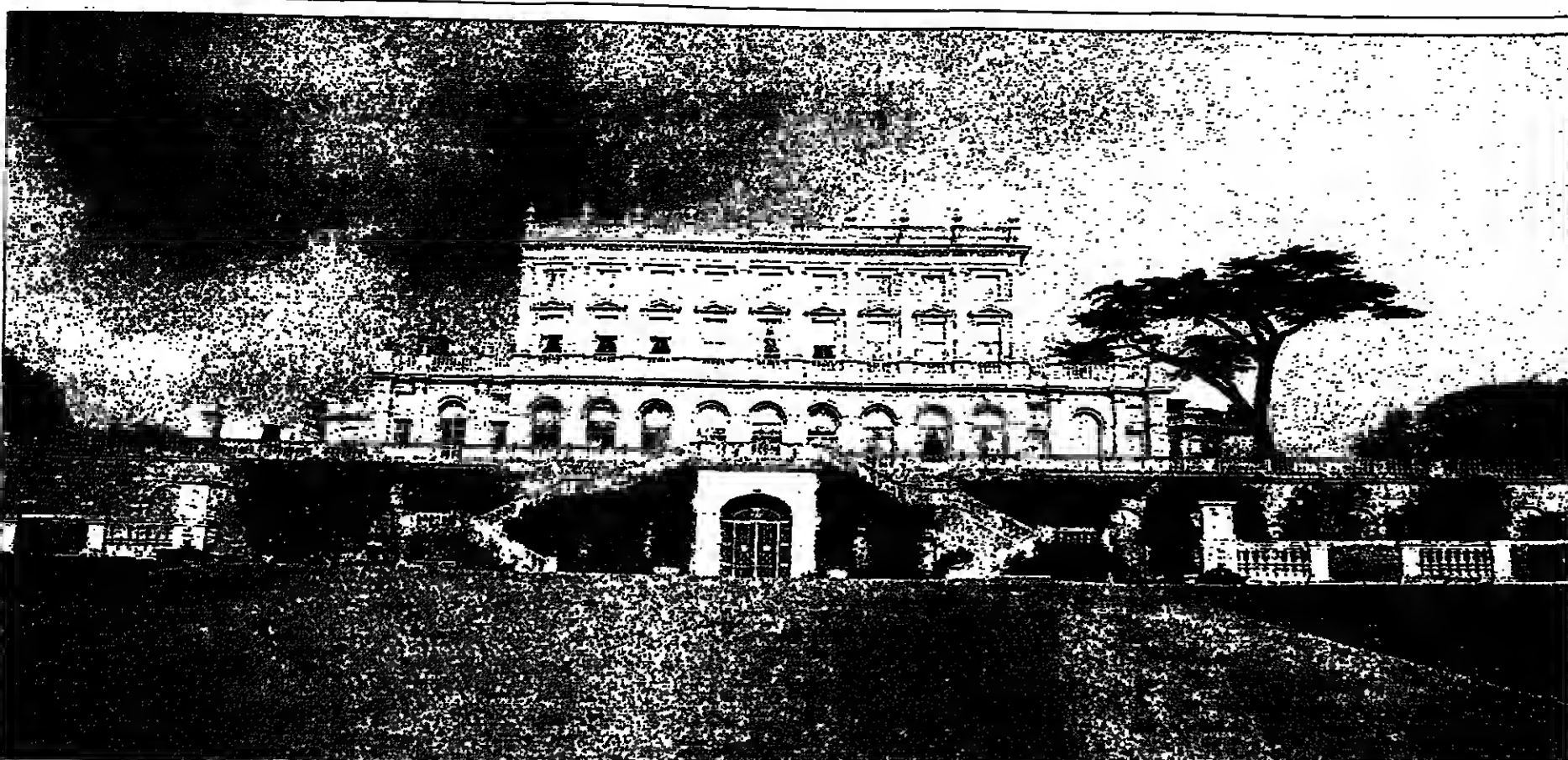
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Bill Buford on Jack...  
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'Sue and Ga gave me a wave as they drove past. I felt I wanted to see Louise come home and I wanted to do it quietly. We felt they should be allowed to come home a dignified way. We were highly criticised last time, so people thought they should let things roll naturally'

Christine Woodward



The present: Cliveden, the one-time manor now converted into a hotel. The future (below): new investor Bill Gates. The past (below right): Mandy Rice-Davies and Christine Keeler



## No wonder Bill Gates looks so pleased. He has just chipped in to buy Cliveden for £42.8 million. Former guests include Christine Keeler, Mandy Rice-Davies and Oswald Mosley

Don Atkinson

**C**LIVEDEN, renowned country seat of the *knockie*, Hitler-loving East set, has been sold to a consortium whose best-known member is famous for nothing more than having dirty glasses, an eye for future developments in the computer industry and the largest personal fortune in the world. Bill Gates has joined a long line of American magnates and bought himself a real English mansion.

True, the manor in question has been a hotel since 1986. Indeed, it styles itself as one of the top three hotels anywhere in the world. And, true, Mr Gates is not planning to shift himself and his family to the banks of the Thames — Cliveden is very much an investment, not a potential home.

Nevertheless, the sale raises irresistible comparisons between yesterday's elite and today's. Where once call girl Christine Keeler skipped naked around the swimming pool, the \$28 billion man will be able to stroll with his ex-employee wife Melinda, discussing the latest software.

Given that the Microsoft founder could have dropped the £42.8 million purchase price on the pavement without noticing, he is unlikely to

have much time for the ghosts of Cliveden's past. Nevertheless, in the shadows of the Buckinghamshire night lurk the shades of Soviet assistant naval attaché Eugene Ivanov, bubbly blonde Mandy Rice-Davies, osteopath Stephen Ward and former war minister John Profumo, the key actors in the 1963 scandal that brought Harold Macmillan's Tory government — until that time the super-popular Blair regime of its day — to its knees.

And behind them, somewhere in the 376-acre grounds, chuckling in the manner of Oscar Wilde's *Cat in the Hat* at the house's brash new American owner,

are the appeasers of the 1930s: would-be strongman Sir Oswald Mosley, Hitler's London ambassador Baron von Ribbentrop and their host, the then owner Lord Astor. In those days, Cliveden was very definitely Berkshire, but boundary changes today put the Taplow mansion in Buckinghamshire. Which is fitting, in a way, as Cliveden's 17th century founder was the Duke of Buckingham.

It was he who set Cliveden's rather low tone from the start, using it to entertain both his drinking buddies and his mistress.

Waldorf Astor bought the estate in 1893 and continued the tradition of celebrating earthly pleasures by installing a "fountain of love" in front of the house. He became the first Viscount Astor in 1917, and his two sons became respectively bosses of the Observer and the Times newspapers. The elder son's wife was Nancy Astor, the first sitting woman MP.

The consortium, of which Mr Gates's Cascade personal-investment vehicle is a stakeholder, includes a Los Angeles property company and L&S Strategic Realty, an offshoot of New York merchant bank Lazard Frères.

But as he grapples with a US government assault on the allegedly monopolistic tendencies of his Microsoft empire, Mr Gates may do well to ponder the "curse of Cliveden", whose victims have included the Astors (they lost both the Times and the Observer), the Macmillan government (not shortly afterwards) and Stephen Ward (who committed suicide).

That said, American ownership is something of a Cliveden tradition: Waldorf Astor was still a US citizen when he took charge of the property.

## NEWS 3 Blair fiddled record on Ulster vote, Tories claim

Even MacAskill, Chief Political Correspondent

**B**ETTY Boothroyd, Speaker of the House of Commons, ordered an investigation last night into an allegation that someone acting on behalf of Tony Blair had tampered with Hansard to cut out a key commitment on the decommissioning of weapons in Northern Ireland.

The Conservatives and the Democratic Unionist Party protested to the Speaker about the mystery of the Prime Minister's missing words. But a Downing Street spokesman strenuously denied any mischief: "Any suggestion that we sought to expunge anything from Hansard is nonsense," he said.

A Hansard source explained the omission by saying that the reporter had simply been tidying up a "clumsy sentence".

The row over Hansard, the official Commons record, which is supposed to be sacrosanct, dominated a debate marking the third reading of a controversial bill on the early release of paramilitary prisoners.

The passage of the bill marked the end of the four-year-old bipartisan approach to Northern Ireland. Although Andrew Mackay, Conservative Northern Ireland spokesman, insisted that the bipartisan approach remained intact, the decision of the Tories to vote against the bill has now broken the united front.

Earlier, Peter Robinson, deputy leader of the DUP, complained to the Speaker that there was a significant discrepancy between Mr Blair's words as reported from Prime Minister's Question Time on May 6 and what he actually said, as confirmed in a video recording.

Mr Robinson said: "Clearly someone acting for or on behalf of the Prime Minister has tampered with the record of proceedings in this House."

their weapons. The video recording reveals that this key chunk of Mr Blair's answer is missing: "The answer to his question is yes, of course. It is the case that both in respect to taking seats in the government of Northern Ireland and in respect of the early release of prisoners, the only organisations that qualify for that are those who have given up violence and given up violence for good."

Downing Street insisted that the missing words did not alter the meaning of Mr Blair's answer.

Since this Good Friday Agreement, the parties in Northern Ireland have been arguing about whether the release of prisoners and a place for Sinn Féin on the Northern Ireland executive depended on the decommissioning of terrorist weapons.

The Conservatives and Unionists have accused Mr

'Someone acting on behalf of the PM has tampered with Hansard'

Blair of trying to water down the commitment because they claim the IRA will not hand over any weapons. A first hint that the IRA might decommission was given by Pádraig Wills, the IRA's commanding officer in the Maze, this week.

The Ulster Unionist leader, David Trimble, responding to Mr Wilson, accused the IRA and Sinn Féin of deliberately sending out conflicting signals to create confusion.

Mr Trimble, significantly, was missing from the Commons last night. His opponents in the Unionist parties claimed he was trying to avoid embarrassment by voting for a deal that many in his party oppose.

Mr Trimble is caught between his need to support Mr Blair over the agreement and the demands of a substantial wing of his party opposed to the agreement.

The divisions within the party were exposed when some of Mr Trimble's MPs issued a press release yesterday attacking the bill.

### The place and the times

- Cliveden was at the centre of two scandals in 30 years — involving first the appeasers of Hitler and then the sex scandal surrounding John Profumo (right)
- Respectable guests have included Charlie Chaplin and George Bernard Shaw
- It has 38 bedrooms and suites, four private dining rooms and three restaurants
- It was not used for Scandal, the 1989 film about the Profumo affair
- The Cliveden company, which the consortium has bought, owns also the Royal Crescent Hotel in Bath and the Cliveden Town House near London's Sloane Square
- Architect Charles Barry designed Cliveden and the Houses of Parliament
- Lord Denning, later Master of the Rolls, investigated the security services in the Profumo affair



Denning's report was one of the fastest-selling HM50 publications of all time. Profumo resigned for lying to the Commons over the affair. The scandal threw up other lurid tales; Macmillan, told there had been 13 judges at an orgy, said: "Five I could believe, but not 13."

### The man and the money

- He has been ranked the third-wealthiest person or private entity of all time; his \$28 billion (£17.5 billion) fortune stands behind the \$692 billion (in today's money) of the Knights Templar and the \$754.5 billion calculated as belonging to Napoleon Bonaparte
- Despite that, he is thought still to cling to his "nerdpack" — the set of different-coloured ballpoints displayed in the breast pockets of computer freaks
- Gates is reported to have bought recently two adjoining houses in London's Holland Park, the neighbourhood of fellow jumper-wearer Richard Branson
- His home is a \$100 million modern mansion near Lake Washington. It covers 40,000 square feet and has 45 rooms
- Cheer Gates consists of seven main pavilions connected by underground passage ways. A central control room is the "billion-dollar brain" of the property
- He has a 20-bay garage to house his sports-car collection
- Facsimiles of the finest works of art ever created can be summoned on the walls of the Gates mansion at the flick of a switch
- In May this year, it was calculated the value of his Microsoft shares increased by \$35,000 a minute
- He personally was reckoned to be earning something in the region of \$500 (£312) a second
- Gates has said he will give away 90 per cent of his wealth during his lifetime.

## Ofel rings changes for restaurateur



**R**estaurateur and chef Chris Barrie has been enough to make Vase Herodotou smash his plates in fury. For three years the owner of the Greek Taverna in Carshalton, Surrey, answered his telephone in the hope of another six customers in search of moussaka, but found a salesman on the other end. "They were driving me blooming mad," he said yesterday after becoming the first person to be formally protected by the telephone watchdog Ofel from unsolicited calls from a telemarketing company.

The staff of James E James, a Liverpool-based company, were so desperate for Mr Herodotou to improve his business by taking advertisements in their publications that they once called five times a day. The calls had left him "shouting and screaming like a raving lunatic", he said.

His taverna, which can take up to 100 people a night, depends on its phone bookings. Mr Herodotou expected calls from companies selling things, but James E James was a whole new bucket of resin. The telemarketing staff were so convinced of what they were selling they refused to take him off its lists, despite his pleas.

"They could not have cared less," Mr Herodotou said. "Their attitude was 'Bad luck, mate, we are going to call you whether you like it or not.'"

Yesterday Ofel took the first step in a 28-day process that will lead to an injunction preventing the company calling the restaurant again. If it breaks the injunction its directors could face imprisonment or a fine. Ofel officials described James E James as a "telemarketing pest".

While James E James refused to comment it proved it has its own way of seeing off unsolicited calls. Its number is not listed and the number filed with Companies House is out of date.

The man was a monster. Only filth came out of his mouth — filth or racism, especially directed to niggers and yids. He drank a litre of bourbon a day plus a six pack of Colt 45 malt liquor. Bill Buford on Jack Kerouac

This section, page 12

# Buy a Deskpro before 1st July and we'll go halves on the monitor.

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Des res... Birch Hall was put on the market at £1.5 million; it has five bedrooms, a library and a tennis court — as well as 6ft walls around the five acre park

PHOTOGRAPH: TIM OCKENBEN

## Queen stumps up to buy duchess her home

Yorks go their separate ways as royal handout sees off rival bid for £1.5m Georgian mansion

Ruaridh Nicoll

**B**IRCH Hall, a £1.5 million Georgian mansion in Surrey, is the new home that Sarah, Duchess of York, has set her heart on. Contracts are expected to be exchanged within days for the 18th century, seven bedroom house set in five acres of parkland. But negotiations have been fraught, with the duchess relying heavily on financial help from the Queen to see off a gazumpster.



House is handy for Eugenie, left, and Bea's school

The house is in Windlesham, close to Sunninghill, the ranch-style home built by the Duke of York for his wife before they divorced, where she has been staying for the past year in close, but not intimate proximity to Prince Andrew.

Since the Queen is putting up most of the money,

the property will be in trust for Princesses Beatrice and Eugenie, whose school is only three miles away.

The duchess received £300,000 on her divorce, a figure she now complains is inadequate — especially in light of the late Princess of Wales's £17 million.

Birch Hall has been home to Richard and Melanie Wilkinson and their four young children for three years. Mr Wilkinson, a commodities broker, had accepted a £1 million-plus bid from the duchess last month, half of it her own money, but shortly afterwards another potential purchaser offered the asking price of £1.5 million. The Queen is thought to have made up the difference.

If the deal goes through, it will no doubt be a relief to Buckingham Palace that the duchess will no longer be under the same roof as her former husband, since she has told an American chat show that they "played away" rather than bring suitors home.

Birch Hall is on the site of one of Henry VIII's hunting lodges. It has five reception rooms, a library, a walk-in drinks cabinet, a quadruple garage and a tennis court, as well as a staff cottage in the grounds. For privacy it is surrounded by 6 ft walls.



The Duchess of York will not have to 'play away' now she has a new home in Surrey

PHOTOGRAPH: NIGEL FRENCH

## Palace complains at 'intrusive' newspaper story of Prince William's teatime assignments

Ruaridh Nicoll

**P**RINCE William, who turns 16 on Sunday, has complained to the Press Complaints Commission about what he believes was an intrusive profile in the Mail on Sunday claiming his aides set up teatime meetings with girls of his choosing.

St James's Palace has been trying to keep a rein on expected media interest as the second in line to the throne reaches his landmark birthday.

But infuriated by a Mail on Sunday supplement, The People's Prince at 16, the palace was quick to complain in the hope it would head off further "intrusive" articles this weekend.

Prince Charles's press spokeswoman, Sandy Henney, said the paper had stepped well over the line when it published an article which made allegations about "what William may do or may not do, or think or may not think".

In the piece, Copping with our Diana, journalist Barbara Jones said when the prince wished, now now wishes to do, his private secretary arranged for an approach to be made to the family so that mother and daughter could be invited to tea.

The idea incensed the prince and the palace. "It's

not only inaccurate, it's grossly intrusive, we feel into someone who isn't yet 16," Ms Henney told the UK Press Gazette, an industry magazine.

Lord Wakeham, chairman of the PCC, has contacted editors in the past few weeks, pointing out that like any other child in Britain, Prince William is entitled to finish school without the press following him around.

On the whole the palace believe the press has behaved responsibly in the wake of Princess Diana's death last year, especially given the public's interest.

"The press have appreciated that we have not just William but Harry who have had to come to terms with a very tragic accident and get on with the rest of their lives," Ms Henney said.

The PCC said it would do its best to resolve the situation amicably.

A spokesman for the paper said the supplement "was intended as a warm tribute to the prince and the royal family, and applauded his achievements."

"The Mail on Sunday never wished, nor now wishes to do, his part from the guidelines laid down from time to time by the PCC. As with all complaints the PCC endeavours to resolve matters directly. A meeting is being arranged to do this."

## Teenage prostitute tortured youth client

**A** TEENAGE prostitute who tortured a 17-year-old youth because she said he failed to pay her asking price was ordered yesterday to be detained for seven years.

Sentencing her at Birmingham crown court, Mr Justice Harrison said: "Words cannot describe adequately the depravity of the violence and torture to which this young man was subjected."

The 16-year-old girl, then aged 15, was in a gang with two other teenagers, one a 14-year-old girl, and two men who attacked the youth last June in Coventry in the West Midlands. After having his genitals burned, his throat was slashed and he was thrown in a canal. Trevor Faber, prosecuting, said the youth, whom the judge asked reporters not to name, needed 70 stitches to his face and neck.

The court was told by Christopher Hotten QC, defending, that the elder girl loved horses and had been a stable hand, but had been lured into prostitution despite being of "superior intelligence" and was on crack cocaine at the time of the attack.

Mr Justice Harrison said the youth, who regularly resorted to prostitutes, had been attacked by the gang after going to the girl's flat for sex. He had agreed a price but the girl claimed he underpaid her. "He was punched and kicked repeatedly. It went on for a very long time. From time to time he was rendered unconscious."

"He was forced to eat dog biscuits and to get a lit cigarette, and then one of you got a red hot spoon with which you burned the side of his face and his testicles and his penis."

"Finally you forced him to put his penis on the red hot ring of the stove, causing him to scream with pain."

Mr Faber said the youth was then led towards a canal and on the way was slashed across the face by the girl for trying to stop a passing police car. At the canal the three teenagers repeatedly stabbed

the youth and threw him in. When he tried to get out, he had his throat slashed from ear to ear. Eventually he swam to the other side and then collapsed outside a pub.

"During all of this he was pleading for them to stop, but they kept laughing."

The court was told how the elder girl was arrested shortly afterwards with her other two defendants, and a letter she had posted to a friend in jail was intercepted by police. "This broke came here last night for business and did not have the full price so me and the others forced him," she wrote.

"I slashed his face and ear with a craft knife, then we slashed his throat and pushed him in the canal," she added.

In mitigation, Mr Hotten said his client had recently taken an IQ test and was

'He was pleading for them to stop, but they kept laughing'

found to be of "superior intelligence" and capable of a university education. She had recently worked for seven months with a senior teacher who had spoken of her as an "extremely pleasant and hardworking girl who got on with everybody else".

The girl's mother was in court but refused to speak to reporters.

The judge sentenced the girl to seven years in a young offenders' institution after she admitted charges of wounding with intent and false imprisonment.

A 17-year-old male co-defendant was jailed for six years. A 15-year-old girl who admitted being part of the attack was sentenced to five years' youth detention.

Two men, Richard Thomas, aged 38, and Antony Bolton, aged 42, who admitted assaulting the youth in the flat, were each sentenced to three years in jail.

## Awards plan for teachers

John Carvel  
Education Editor

**A** TELEvised award ceremony to honour the best of the country's teachers was announced yesterday by Lord Putnam, the film producer, in an attempt to restore battered morale.

Star teachers will be nominated by their schools and judging panels will select 600 to compete for 150 regional prizes, leading to a glitzy presentation to 15 national winners in September next year.

Lord Putnam, who plays a leading role on the Government's school standards task force, said the BBC promised prime time television coverage of the award ceremony, with documentaries about all the finalists. It would be a profoundly emotional event.

His scheme to celebrate excellence in the classroom has all-party support. It was commended yesterday by the six unions representing teachers and heads.

The awards will be run by a charitable trust independent of government and backed by a £3 million donation over two years from the bankers Lloyds TSB. The plans dovetail with the decision by education ministers to spend less time hashing incompetent teachers and more praising the profession's hard-working majority.

The Government is concerned that policies to raise school standards could be disrupted by growing problems of teacher recruitment, with

shortages developing for maths, science and language specialists in secondary schools and increasing difficulty in filling vacant posts as heads and deputies.

David Blunkett, the Education and Employment Secretary, said the awards would "ensure that people who are giving of themselves to young people every day are given in return the esteem and the status that they deserve."

Lord Putnam said: "No one here is pretending these awards are the single answer to ending years of real neglect of their work, but it is a beginning."

The winning teachers will get cash prizes for their schools, but the organisers are not yet saying how much. Sir John Harvey-Jones, a former chairman of ICI, will chair the judging panel.

Separate awards will be given for primary and secondary teachers in the following categories:

- Best newly-qualified teacher
- Excellence in special needs teaching
- Most creative use of information and communications technology
- Teacher of the year
- Working with parents and the community
- Contribution to school leadership

There will also be awards for best classroom assistant, teacher of the year in a special school, and a lifetime achievement award.

Chris Woodhead, page 12

## IRA bombing of City 'could have been averted'

Ex-MI5 man tells of submitting secret dossier to his superiors

Richard Norton-Taylor

**A**N IRA attack that devastated part of the City of London, and caused damage estimated at £1 billion, should have been avoided, a former MI5 officer claimed yesterday.

David Shayler, who has lived abroad ever since he disclosed details of MI5 activities last summer, makes the claim in the Spectator. He says he compiled a dossier concentrating on MI5's "operational inefficiency" in which

he spelled out "how the attack on Bishopsgate in the City in April 1983... shouldn't have happened".

His dossier, he says, also describes how an IRA member was able to carry out "large-scale attacks which threatened public safety and lives because an intelligence agency had not passed on relevant information quickly enough".

He does not name the agency or identify the attacks he is referring to.

Mr Shayler makes the allegations in the course of a

sweeping attack on MI5 bureaucracy and the ineffectiveness of the cross-party parliamentary Security and Intelligence Committee.

He says he wanted to send the dossier to John Alpass, Whitehall's intelligence and security co-ordinator and former senior MI5 officer, who is carrying out a review of MI5, MI6, and GCHQ.

"As this document discussed these and other sensitive operational matters, I did not want to send it to Mr Alpass by non-secure means," he writes.

"I suggested... that Mr Alpass might like to see this document... I'm still waiting for the review to take up my invitation".

Security sources last night dismissed Mr Shayler's allegations as "sniping by a disaffected employee". However, the Labour MP Jeremy Corbyn is to question the Home Secretary, Jack Straw, about what he called "an incredibly serious accusation".

John Wadham, director of Liberty, the civil rights group, and Mr Shayler's lawyer, said: "Despite the seriousness of the allegations, the body set up by Parliament to monitor the work of the Security Service appears unwilling or unable to investigate."

He added: "My client feels that the only way to ensure that action is taken is to reveal the problems to the press."

On April 24, 1983, a large bomb exploded in a truck opposite the Hong Kong and Shanghai Bank in the City. A freelance photographer, Ed Healy, was killed, and 47 people were injured.

Nobody has been charged with the bombing. It was reported that Gerard Mackin, an IRA member jailed for other offences, was killed by MI5 for months and was arrested as a suspect. A surveillance team watched him close to the site of the explosion. Though explosive traces were found on two vehicles to which he had access, no evidence was found linking him to the blast and he was released.

Mr Shayler, who faces the prospect of an Official Secrets

Act prosecution if he returns to Britain, was served with an court injunction after he revealed details about MI5, including its holding files on thousands of individuals — Mr Straw among them — once considered subversive.

Later Mr Straw allowed newspapers to report Mr Shayler's claim that MI5 was tipped off in advance about the 1984 bombing of the Israeli embassy in London.

Mr Straw said that the information in possession of MI5 would not have enabled it to prevent the bombing.

Five rounds of ammunition were discovered yesterday at the high security Pull Sutton prison, near York, which holds convicted terrorists.

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## Mighty hermits dominate Mill

John Carvel  
Education Editor

It is a cliché to say that the hermits of the world are the monks. But in the case of the Millennium Commission, the hermits are the monks.

The body which will select the winners of the Millennium Commission awards, the Millennium Commission, is a body of hermits.

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A performer who will feature with around 100 others under the dome's 'big top' PHOTOGRAPH BY SEAN SMITH

## Mighty hermaphrodite will dominate Millennium Dome

Don Glimster  
Arts Correspondent

Is it a girl? Is it a boy? Well no, it is neither. Or both. The art of political compromise served to clear up one of the mysteries surrounding the contents of the Millennium Dome in Greenwich, south-east London, yesterday when the gender of the giant reclining figure in the body zone was revealed to be... half-man, half-woman.

The body will have "Slammy twin" characteristics: a "muscular" male chest as well as a "shapely" female chest. The rest of the figure, however, will be a compromise between the two: a "smoothed over" or "swimsuit" torso, while the female's bust will be in proportion to the figure's height, and the male will have an "athletic bulge".

The compromise over the gender is emblematic of the political infighting surrounding the dome. New Millennium Experience chief executive Jennie

Paige is thought to have wanted the figure to be female, while Peter Mandelson, Minister without Portfolio but with responsibility for the dome, was undecided. He is thought to have come up with the combination figure.

The surreal air surrounding the contents of the dome was reinforced by "We believe we will be creating a new generation of performers"

yesterday's second piece of millennium news. Organisers of the central spectacle for the dome are to launch a recruitment drive for 100 circus performers to star under the dome's "big top". Applicants need have no previous experience, but would be expected to train as acrobats and trapeze artists for "a dazzling display of aerial acrobatics comparable with the greatest circus performances in the world".

At the end of their training they will receive a Certificate in Higher Education - equivalent to the first year of a degree - before beginning rehearsals for the central show.

Ms Paige said: "We believe we will be creating a new generation of performers throughout the country. For those in the show it will be a stepping stone to a career in entertainment and performance."

Mark Fisher, the designer of the 20-minute show, which will be seen six times a day, said: "The dome is on a scale that nobody has worked with before. The scale is bigger than most people have ever been in and will have an impact that is not yet fully appreciated. To fill it requires a spectacle that uses the language of the Notting Hill carnival and the stagecraft of rock concerts. We will not be creating a circus but will be using circus techniques to tell a story."

Adaptions will be held around the country in the summer. Start juggling now.

### News in brief

#### Rail strike starts today

RAIL maintenance workers begin a four-day strike today which their union, the RMT, warned would have a "considerable" impact on services, particularly over the weekend. But Railtrack said it expected the effect to be minimal, and train operators said there should be no immediate disruption.

The workers, employed by nine rail engineering firms, will stage a week-long strike later this month. The union is seeking a pay rise and better conditions.

#### Drug charge PC sacked

A BRITISH police officer who was charged with drug smuggling charges was yesterday sacked by his chief constable, West Midlands

#### CATHOLICS!

The Traditional Latin Mass is still widely celebrated with Episcopal permission. It is often sung with Gregorian chant. If you would like to worship at this rite of Mass contact The Latin Mass Society for an information pack 0171-404-4959 24 hrs.

#### Nurse faces theft charges

FREED nurse Lucille McLachlan will face two theft charges dating from 1996, Dundee sheriff court decided yesterday. McLachlan, aged 32, was not present at the hearing.

The case was adjourned without plea until July 16. McLachlan, from Dundee, was jailed in Saudi Arabia with another nurse Deborah Perry, from Alton, Hampshire, after the murder of Aesop in 1996. A Saudi court convicted the Scot of being an accessory to murder and sentenced her to eight years in prison and 500 lashes.

The pair had their sentences commuted last month by the Saudis and flew home.

#### Actor sues his lawyers

THE Coronation Street actor Bill Roache yesterday sued his former solicitors over the decision to pursue a libel claim against the Sun newspaper. The actor turned down an

#### Damages for family

THE family of a prisoner who was shackled to a hospice bed while he was dying of stomach cancer has been awarded damages, the Prison Service confirmed yesterday.

They are believed to have been given about £25,000 "in recognition of the distress caused by the circumstances of his death".

Geoffrey Thomas, 25, of Caerphilly, South Wales, died in the Marie Curie centre at Penarth in January 1997. He had been remanded to Cardiff prison in October 1996, accused of burglary, and became ill in December. He was shackled to his bed by his leg and arms for three days and when he was released, following an emergency ball order, he was unconscious and died three hours later.

Fears remain over side-effects and costs of impotence drug

## Viagra should be available on NHS by autumn, says minister

Nick Hopkins

THE impotence drug Viagra should be available on the NHS by the autumn, it was announced yesterday. Despite fears over its side-effects and the potential costs involved, the Department of Health confirmed that GPs will be able to prescribe Viagra once it has been granted a licence.

The Government is waiting to hear from the European Medicine Evaluation Agency, which is assessing the drug's safety. The EMEA agency will give Viagra the all clear by September.

Tessa Jowell, the Minister of State for Health, said there was no reason why the pill should not be available "to meet identified clinical need."

Although it was only launched in America in March, Viagra has become one of the most sought after - and controversial - drugs of the generation.

Doctors in the United States have written almost 2 million prescriptions so far, and a black market is fast emerging.

"A lot of them will not have the money to see a private consultant and we would certainly not advocate Viagra being available over the

been concerned over its side-effects.

Viagra's manufacturer Pfizer admits the drug can cause headaches and blue vision, but it is also being linked to six heart attack deaths.

Quite apart from the scientific issues, yesterday's announcement by the Health Department is bound to divide the medical community on financial grounds.

A packet of 30 pills costs roughly £150, and there are thought to be between 2.5

and 3 million impotence sufferers in Britain.

With fund-holding doctors working within strict budgets, they could find themselves under enormous pressure to prescribe Viagra by men who view the drug as a sexual panacea.

Roger Kirby, a consultant urologist at St George's hospital in London, said: "Viagra is a breakthrough in the treatment of erectile dysfunction, but it needs to be targeted properly at those men who really need it, otherwise the costs of pre-

scribing it could go out of control.

"There is undoubtedly a potential problem in terms of funding which could put GPs in an awkward position."

A Health Department spokesman said it did not want to restrict Viagra to specialists at this stage, but might consider doing so if demand was huge.

"We are aware that the drug could be very popular and we are considering issuing guidelines to GPs over its prescription. Once the

drug gets its licence, we will monitor it very closely."

Viagra is causing real concern across Europe.

The French health minister, Bernard Kouchner, has announced that he is calling a conference of experts to discuss its risks, and in Germany, ministers fear Viagra could bankrupt the health service.

They estimate that if every impotent German takes eight Viagra pills a month, the total cost will reach 10 billion marks (£3.34 billion).

### Case for

Ann Craig, director of the Impotence Association:

"IMPOTENCE is a medical condition like any other, and in the majority of cases the causes are physical."

"Many sufferers have underlying problems with angina, duodenal ulcers or prostate cancer. There are up to 3 million men in this country with impotence. Most are over 50 and their quality of life has been seriously affected. Their self-esteem will be rock bottom."

"A lot of them will not have the money to see a private consultant and we would certainly not advocate Viagra being available over the

### Case against

Dr Richard Petty, medical director of the Wellman Clinic in London:

"There are practical and financial reasons why Viagra should not be prescribed by GPs. First, on average a GP has five minutes for a consultation with a patient, which is simply not enough time to establish why a man has erectile dysfunction."

"Ideally, the patient should have a full physical examination, and his medical and sexual history discussed. There are any number of tests that need to be done."

"For instance, it is important to know whether there

### is heart disease and I would want to establish the patient's level of stress. The man may need treatment for diabetes, or have arterial problems which need to be addressed. Viagra is not a solution for these kinds of problems. It might help him get an erection, but nothing else."

"Rather than properly assessing whether a patient really needs Viagra, the doctor will be tempted to think 'what the hell' and prescribe it anyway, which could be very expensive for the NHS."

"The drug is effective but it is not cheap. Viagra is far too powerful a drug to be sold over the counter... for now it is best left in the hands of experts at specialist clinics."

Gene found to offer protection to a minority

## Smokers at double risk of Alzheimer's

Sarah Bosseley  
Health Correspondent

PEOPLE who smoke are twice as likely to get Alzheimer's disease in old age as those who have never smoked, a study published yesterday concludes.

In the past research appeared to suggest smoking had a protective effect, but scientists from Rotterdam who report the results of their study in this week's Lancet, believe it safeguards only those people who carry a particular gene.

The study was carried out by A Ott and colleagues from the Erasmus university medical school. Researchers contacted every individual over the age of 55 in one Rotterdam suburb, and 78 per cent agreed to take part - 6,870 men and women. Each was

given a medical examination and an interview at home. Two years later they were followed up to see if any had developed signs of dementia.

Out of the group, 146 had developed dementia. Where possible they were given brain scan which suggested that in 105 cases they were suffering from Alzheimer's disease rather than vascular dementia.

Those who still smoked were found to be twice as likely to develop dementia of any kind - Alzheimer's or vascular dementia - as those who had never smoked. Those who were former smokers had a slightly increased chance of getting the disease over non-smokers. Smokers also tended to develop dementia at a younger age than non-smokers.

But Dr Ott and his colleagues found that some smokers were protected from

an increased risk if they carried the gene for a protein that has been linked with Alzheimer's, called APOE epsilon 4. Their risk is no greater than that of non-smokers. But when those people are removed from the statistics, the smokers without the protective gene are seen to have an even greater risk of Alzheimer's - they are four times more likely to develop the disease than non-smokers.

The scientists do not yet understand why APOE epsilon 4 protects smokers. They suggest two possible explanations - one is that the gene acts together with cigarette smoke to alter the brain chemistry in some way that counters the erosion caused by Alzheimer's. The other possibility is that smokers with the gene do not live long enough to develop the disease.

### Hospital shortcomings 'costing lives'

Sarah Bosseley

SUBSTANTIAL numbers of patients admitted to hospital intensive care units die unnecessarily because basic procedures such as ensuring they are breathing and their heart is pumping correctly have not been carried out, according to yesterday's British Medical Journal.

A team of consultants conducted a confidential inquiry into the treatment received by 100 patients, split between

a large district general hospital in Portsmouth and a teaching hospital in Southampton. They found that 54 out of the 100 patients were not well managed before they reached intensive care. Of the 54, 25 died. Peter McQuillan, a consultant in the department of intensive care medicine at Queen Alexandra hospital, Gosport, Portsmouth, and others wrote that poor quality care was a factor in a third of those deaths, probably a factor in 21 per cent and possibly in a further 32.5 per cent.

"Failings of clinicians of all grades over a wide range of tasks and knowledge have been shown," the report says. "This study suggests a fundamental problem of failure to appreciate that airway, breathing and circulation are the prerequisites of life."

Some reasons for "suboptimal care" were basic. Medical staff lacked knowledge, failed to appreciate the urgency of the case, were not supervised, did not seek advice or were inadequately organised.

## Judges raise depressed man's damages to £1m

Jamie Wilson

A SECOND-hand car salesman who became "depressed and grumpy" after a road accident had damages awarded to him increased from £30,000 to £1 million by the Court of Appeal yesterday.

Raymond Arrowsmith, aged 49, had a sparkling personality and put his whole life into a highly successful second-hand car business, achieving turnovers approaching £1 million a year, Lord Justice Brooke said in a ruling.

But after the "horrifying experience" of the accident, when his car was overturned and crushed by another vehicle in 1990, he lost interest in work, his sex drive "almost completely disappeared" and his marriage broke up. He began living alone in a French village where he did not have to talk to anyone.

In April last year Deputy High Court Judge Simpson awarded Mr Arrowsmith a total of £30,000 in damages and interest, finding that the effects of his injuries and post-traumatic stress disorder

had lasted for only a year after the accident. But yesterday Lord Justice Brooke said this was a "rare case" in which the Court of Appeal could interfere with the High Court findings because Judge Simpson should have taken longer to read the very sophisticated psychiatric evidence before giving his ruling.

Mr Arrowsmith, of Brentwood, Essex, claims that the High Court judge had been wrong to hold that he was not suffering from psychiatric illness a year after the accident, and wrong to conclude that the accident had not contributed to his mental problems.

Mr Arrowsmith, who has three children, had worked in the used car business for more than 30 years and had owned his own dealership since 1976.

The trial judge said that before the accident witnesses described Mr Arrowsmith as a workaholic who could make quick, instantaneous decisions. He worked long hours, seven days a week, and even before the accident his medical history "illustrated the all too frequent downside for a highly motivated successful

man, namely an anxious personality and subject to stress."

Mr Arrowsmith had not broken any bones in the crash, but afterwards had suffered headaches, nightmares and memory loss and been unable to cope with his business.

Eventually he had been forced to stop trading in April 1991, and he had not worked since.

Friends said his character had changed and was now "depressed and grumpy". Psychiatrists who examined him found he suffered from panic attacks and was fearful when talking about his past.

## Child witnesses taught about law

Claire Dyer  
Legal Correspondent

A POP-UP courtroom with cut-out judge, jury, lawyers, ushers and spectators to be slotted into their correct places is to be given to child witnesses to familiarise them with court procedure.

The information pack aimed at minimising the stress on children giving evidence in abuse cases will be launched today by the Lord Chief Justice, Lord Bingham, and the Director of Public Prosecutions, Dame Barbara Mills.

For some children, telling their story in a crowded court can be more traumatic than the original abuse. Children have cried, had asthma attacks, vomited, or in one case, had an epileptic fit.

The pack, an expanded version of one launched five years ago by the NSPCC and Childline, is for witnesses aged between five and 17, and will be given free by police to children giving evidence.

There are three booklets geared to different ages giving basic information about being a witness. Children are told they may take their time answering a question, that there is nothing wrong in saying "I don't know" or "I can't remember", that they can ask for a question to be repeated if they do not understand, and that they can use whatever words they like even if they believe them to be rude.

Witness packs were used in a recent case in the North-east where a primary school teacher was convicted of indecently assaulting a number of girl pupils. The children were given an activity book to colour in, and a pop-up courtroom. They were taken to the court in advance and shown the room where they would give evidence by video link.

The mother of one girl aged eight, who gave evidence which helped to convict the teacher, said: "I think this stopped her from breaking down. I hope to think what the outcome of the case would have been if she hadn't got that preparation."







Burglary added to miseries of hotline and fraud

# Gang grabs thousands of tickets

Jon Henley in Paris

AS IF the horrors of the hotline and the frustrations of large-scale fraud were not enough, an authorised World Cup travel agency said yesterday thieves had broken into its Paris office and made off with 15,000 World Cup tickets.

Tickets for England's games against Romania and Colombia and Scotland's against Morocco were among those stolen overnight from the French offices of Prime Sport International, one of the World Cup's 17 official ticket re-sellers, the company said. Also missing were tickets for 25 other first round matches, the quarter-finals, semi-finals and the final.

Prime Sports, an international agency based in Beverly Hills, California, offered a \$100,000 reward for the return of the tickets, which had all been pre-sold and were to be delivered.

Steve Yovetich, a company spokesman, said the tickets were useless to thieves as they were all marked with their buyers' names and numbers allocated by the World

Cup organising committee, the CPO.

Thousands of fans have had no trouble getting in to games with tickets bought through unofficial channels and bearing someone else's name.

"The tickets are worthless to anyone but the legal buyer, but as they are important to our reputation we are offering a no-questions-asked cash reward for their return," Mr Yovetich said. "We urge the thief or whoever knows where the tickets are to call us or the police."

He dismissed reports of minimal ticket checks at stadiums, saying anyone trying to get in using the stolen tickets "will be caught and could be tried as an accomplice to the burglars."

A spokesman for the CPO said its ticket department had called an emergency meeting to discuss the case, but ruled out the possibility of replacement tickets.

The burglars also got away with \$240,000 in French francs, \$100,000 in sterling, \$23,500 in US travellers cheques and an unspecified number of multiple-access passes for the Stade de France stadium outside Paris.



Enthusiastic South African fans before the start of the match against Denmark yesterday

PHOTOGRAPH: THOMAS KENZLE

# Coming on heavy with the metal

## World Cup 98

### Diary

ENGLAND football fans will have to watch their team from behind metal fences after FIFA announced yesterday that perimeter barriers will be specially installed for England's match against Romania in Toulouse on Monday.

The fences, two metres high, will be installed in Toulouse's Stade Municipal on Sunday night. They were removed prior to the World Cup but the fittings were left in place to enable the fences to be erected within two hours.

"We are doing it with reluctance," a FIFA spokesman said yesterday.

The return of perimeter fencing will be met with dismay by England supporters, who have grown used to their absence in English football since they were done away with in the aftermath of the 1989 Hillsborough disaster in which 96 Liverpool supporters were crushed to death.

Yesterday David Mellor, head of the Football Task Force, attacked the decision: "Speaking in a personal capacity, I think there is a real danger of an over-reaction to the hooliganism in Marseille. The hooliganism was deplorable and those who carried it out should be severely punished, not just in France but back home in England."

"There was no trouble at the game itself in Marseille. I cannot think of any justification for bringing back fences. I would urge the French authorities to keep a sense of proportion. This is a sign of just how much damage a few drunken yobs can cause."

AFTER the debacle in Marseille, the city authorities decided to enforce an alcohol prohibition for this weekend's clash between the Netherlands and South Korea. But under pressure from local café owners (who are clearly not expecting hordes of South Korean skinheads to descend on the city chanting "No surrender to North Korea") the powers-that-be have relented and agreed to allow sales of drinks until midnight.

NO such problems for alcohol retailers in Britain. The Aluminium Can Recycling Association estimates that 610

million cans of drink will have been consumed by the end of the World Cup. While the rest of us have been sitting back and enjoying the matches, somebody at the association has spent most of their waking hours working out that, laid end to end, the cans would stretch from London to Paris 90 times and be worth \$4.5 million if recycled. The figure would have been higher, but Paul Gascoigne and Teddy Sheringham are out of the country at the moment.

MEANWHILE Chinese doctors have warned football fans with high blood pressure, hardened arteries or heart problems to cut back on watching matches for the sake of their health, following the sad news that the World Cup has claimed its first victim.

According to the Guangzhou Daily Reporter, an elderly Chinese fan died of a heart attack during Brazil's 3-0 demolition of Morocco on Tuesday. Identified only as NI, the man had been crazy about soccer since childhood and had taken to sleeping during the days and staying up every night to watch the games live from France. His wife was woken by a shout during the match but by the time she got up to investigate, NI was lying paralysed and unconscious on the floor. He was taken to a nearby hospital but doctors could not save him.

AS reported in the diary last week, the campaign by those World Cup killjoys the Television Licensing Authority to crack down on football fans without a TV licence has got off to a triumphant start. The authority, which has drafted in extra detection teams for the tournament, has caught more than 8,000 offenders since June 10 - 3,000 have been netted during England and Scotland games alone.

ONE person who presumably does have a licence is Linda Davis from North Yorkshire, who is being sponsored to watch all 64 matches on TV for charity. "It is hard work watching all that football. After three matches you begin to get a little confused as to which team you are watching," Mrs Davis said.

SELF-STYLED anti-fascist campaigner Eric Cantona has been dropped from a Nike World Cup advertising campaign because a poster featuring the enigmatic Frenchman was considered too "fascist" in style. The poster, showing Cantona in triumphant pose against a graphic backdrop reminiscent of the regime of Italian dictator Benito Mussolini, sparked protests from French pressure groups.

Jamie Wilson and John Duncan

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# Panic lays siege to peace in 'friendly' village

**Jonathan Steele in central Kosovo on the neighbourly tolerance that is imploding into slow-motion ethnic cleansing**

THEY were piling as much of the shop's contents into the van as they could. First went the freezer, then bottles of drinks, packets of flour and cooking oil. Fifty armed men of the Kosovo Liberation Army (KLA) came into the village yesterday and told all of its Serbs to get out, panted Rajko Batić, as he raced in and out of his shop. Beside him, a friend was lifting a dozen squealing piglets into a trailer. An elderly woman, dressed in black, watched in tears as the frantic loading reached its end. "My son is going. He's leaving me alone," she sobbed. As the two vehicles roared away, a Serbian village elder denounced the departing pair. "Panic, panic," muttered Milosav Staletic. "We had an agreement with the Albanians that no one would leave, and now they're breaking it."

"We're afraid," said his Albanian friend, a primary school teacher, of all the Serbs leaving. Serb police may attack this place. Like a surprising number of villages in Kosovo, this one, which straddles a main road out of Pristina, has remained ethnically mixed throughout the tension of recent months. Villagers described relations between the 70 Serbs and 1,600 Albanians as good.



Police in Belgrade confront parents demonstrating outside the Yugoslav army's headquarters for Serbian soldiers to be withdrawn from Kosovo

PHOTOGRAPH: EMIL VAS

Now, as tension turns to war, such tolerance is imploding in a kind of slow-motion ethnic cleansing. Just outside the village is a checkpoint manned by the KLA, the rebels fighting for Kosovo's independence. Two miles away on the other side of the village, the blue armoured personnel carriers of the Serb police guard another checkpoint.

Mr Staletic denied the story that 50 KLA men had warned the Serbs to go. His version was that a much smaller KLA group had entered the village, thinking the Serbs had all left and that the Serb police might therefore attack. Mr Staletic, as the Serb elder, summoned Rustem Gashi, his Albanian counterpart. Mr Gashi told the KLA to leave, he reported.

Across the village green, we found Mr Gashi drinking coffee with a neighbour. "It started last week," he said, "when two Serbs in the village who are police reservists said they were going to leave."

"Why? Is someone bothering you?" I asked them. They told me the police commander at the big checkpoint had ordered them to go. "What does a man from Belgrade know about the situation?" You know better, I told them.

Mr Gashi is an activist in the Democratic League of Kosovo, the main Albanian political party in the province. He

went to the town of Malyshevo to consult party leaders. "They told me to talk to our Serb neighbours freely. First, ask them to ask the Serb police not to enter the village. Second, ask them not to walk around the village with the guns you know they have at home. Third, tell them you will guarantee that no one touches them."

When Mr Gashi proposed the arrangement to the Serbs,

one said he was frightened because he could see KLA people so close to the village. "Be honest," I told him. "Do you watch the Albanian TV news? Who's burning homes and massacring people?"

"He admitted it was the Serbs. We made a deal that if either side heard of attacks, they would tell the other."

The first violation came when the Albanians saw Mr Batić taking his children

away. He claimed they were going to see the doctor. But Mr Batić returned without the children. Instead, he brought a van to empty his shop. "He's betrayed us," Mr Gashi snapped. Only hours after Mr Batić took his children away, six Albanian families also fled. Now the remaining Serbs and Albanians are watching nervously to see if others slip away.

A group of Albanian men

sat cross-legged on the village green, listening intently as Mr Gashi claimed his mutual protection deal with the Serbs was still in force. "They can't contradict my agreement."

Osman Gashi, his cousin, was not so sure. "Trust is gone," he said. "The Serbs have made a deal with the police. One day two Serbs in flak jackets came into the shop and drank beer." For his part, he was also moving towards

close links with the armed men on the Albanian side. If all the Serbs left, and the KLA wanted to move their checkpoints so the village was no longer in no man's land but behind the KLA lines, he would support it. "We never thought of ourselves as the resistance, but now we are all KLA," he said.

Mr Staletic said he had advised the Serb police of the mutual protection deal. They

congratulated him, saying it was "much better if you take care of each other," he said. He tried to sound optimistic, but the elderly Serb woman was still crying as she wished us Godspeed. Like their Albanian neighbours, they seemed to sense that suspicion and panic were about to overwhelm what remained of their peace.

## Blair embraces Europe with charm offensive

**The Europhile/Stephen Bates in Strasbourg hears a British leader's rare plea to the EU**

TONY BLAIR gave the most fervent backing for the European idea by any British prime minister for a quarter of a century yesterday when he addressed MEPs in the European Parliament in Strasbourg for the first time.

In a speech which won warm applause from all but a handful of British Conservatives and disaffected Old Labour, the prime minister attacked the narrow nationalism of many opponents of the European Union and proclaimed his optimistic pro-Europeanism.

Mr Blair, in words unheard of from a British Prime Minister, said the days of Thatcherism are over. "At long last Britain is engaged. It is constructive. We know we have something to give and to learn. Pro-Europe, pro-reform."

"I believe in the European ideal. I want it to live again in the hearts of a new generation. I am optimistic about Europe, about the future of the EU."



Long-serving MEPs drew sharp comparisons between the Prime Minister's excellent performance and those of his predecessors in addressing the parliament. Margaret Thatcher was coldly hostile while John Major was all-but howled down when he spoke at the end of Britain's last EU presidency in 1992.

Mr Blair said: "Britain has come a long way in the past year in its relations with the rest of the EU. The days of the beef war, 14 against one, government positions ravaged by warring factions in the governing party are over."

"To those Conservative MEPs who have organised dissent... I would simply say: thank you for your inter-

est, but we remember when your party was in charge and we don't want those days back again, not for Britain and not for Europe."

The Prime Minister was in Strasbourg to report to MEPs about this week's Cardiff summit and the outgoing British EU presidency, for which he claimed three achievements: the launch of the single currency, the start of EU enlargement into eastern Europe and the change in British attitudes.

Mr Blair warned that Europe needed reform to appease critics who believe it is too remote and centralised. "I want to be frank... there were always two strands of opposition to Europe in Britain and these are reflected throughout Europe. One is utterly opposed to Europe, come what may, on straight-forward nationalist grounds. Here one must simply win the argument for a modern view of how nation states work."

"But the second strand is different: it can support the EU but worries about its direction and its actions. We need a vision for Europe that allows people to feel safe in their national identity whilst reaching out and embracing European partnership. In some areas we will integrate more. In others much more can be done at national, regional and local level."

## Vote-hungry Kohl accused of turning sour on Brussels

**The Eurosceptic/Denis Staunton on how grumbling has replaced the visionary rhetoric**

GERMANY'S chancellor, Helmut Kohl, the man most anti-European, has been accused of turning sour on Brussels, was accused yesterday of becoming too nationalistic and going cold on Europe.

During a Bundestag session this week, the opposition leaders charged that he was putting his own electoral prospects before the interests of Europe.

Mr Kohl has abandoned his visionary European rhetoric in recent months in favour of grumbling about too much power going to Brussels and the size of Germany's contribution to the EU budget.

Madame Marie Wierzbicka, a European policy spokeswoman for the Social Democrats, said that if Mr Kohl was unhappy with the financial state of the European Union he had only himself to blame.

"It has been the policy of



this government to advance Europe by having Germany pay more. Nowadays it has forgotten all about that," she said.

Mr Kohl said every EU member state defended its national interests, and added that he was determined to avoid the creation of a centralised European state.

But the Green party leader, Joschka Fischer, said Mr Kohl's pro-European policy no longer commanded a majority in his own party, and the new nationalist rhetoric was designed to appeal to a "rightist fringe in Bavarian beer tents."

Mr Kohl's change of tune may be partly due to his poor showing in the opinion

polls, all of which predict his defeat in September's federal election. He was behind in the polls at the same stage in the 1994 campaign but made an impressive recovery in the final 100 days to retain power with a majority of 10 seats.

Bonn has clashed with Brussels recently over everything from tobacco advertising to book prices, and Mr Kohl has led criticism of the European Commission for trying to take too much power away from member states.

After years in the vanguard of integration, Germany is blocking reform which would harmonise policies on immigration and asylum. Yesterday Mr Kohl renewed his opposition to a proposed overhaul of the common agricultural policy, which would cut subsidies to German farmers.

Bonn is resisting an EU ban on tobacco advertising on the grounds that health policy is the responsibility of individual states, and rejects the commission's argument that fair competition requires every member to observe the ban.

"The Commission justifies everything nowadays on the basis of the single market. That has to stop," the German health minister, Horst Seehofer, said.

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# Analysis The economy

The trends are confusing — inflation and joblessness up, manufacturing in trouble, but hi-tech and service sectors doing fine. **Victor Keegan** reads the charts

## Steering a course between boom and bust

**Y**ESTERDAY'S figures showing an unexpected 1.7 per cent surge in spending in the shops in May have added a new twist to the question — what on earth is going on in the economy at the moment? Are we heading for a recession or a period of "stagflation" (high prices, low output and rising unemployment)? Or will the measures already taken — rising interest rates and increased taxes — restore the economy to an even keel?

Unemployment, as measured by the numbers claiming benefit, is starting to rise after years of near-continuous decline. This could suggest that the policies already adopted will slow the economy down. The trouble is wages — increases broke the five per cent barrier this week — are soaring away while at the same time manufacturers are complaining of being squeezed to the bone.

The Shadow Chief Secretary to the Treasury, David Heathcoat-Amory said yesterday that the British economy was experiencing boom and bust at the same time. Few would argue with him — though his diagnosis that "while the financial services and retail sectors are growing strongly, manufacturing has been pushed into recession by six interest rises and a strong pound", is contested by Labour. Ed Balls, Gordon Brown's economic adviser argues that interest rates take well over a year to work on the economy and the current high street spending spree is the result of Tory laxity in not putting rates up faster 15 months or so ago.

So just what is happening? In Britain, the Government wants us to spend less and take lower pay increases — which we are stubbornly refusing to do. In Japan it is the opposite. The whole world wants the Japanese to start spending their way out of recession, but instead they are squirrelling away even more money in their already huge savings accounts. (One of the few products for which sales are booming is safes to lock your cash away in).

In Britain very few experts, least of all in the Treasury, predicted the recession at the end of the 1990s and hardly anyone in the world, least of all the International Monetary Fund, forecast this year's crisis in East Asia or foresaw the length of the Japanese recession. At the end of 1996, none of the pundits in the City predicted the shares boom of 1997 let alone 1998. Nearly all thought shares would fall in 1997; in fact, they rose by 25 per cent. Some mistake.

Are we now facing an unex-

pected large recession as happened twice in the 1980s or a "soft landing"? It depends what indicators you choose. The whole economy (the sum of all the goods and services produced) grew by 2.9 per cent in the year to the first quarter of 1998(1). This marked a slowing down from the 3.1 per cent in 1997 (good news) but it was still above the rate (about 2.2 per cent) at which the UK economy is reckoned capable of growing without generating inflation.

And since the first quarter the annual rate of price inflation has worsened further, and wage inflation (5.2 per cent) has reached disquieting levels and is totally out of line with other European countries with whom we compete.

Higher inflation wouldn't matter if it was offset by higher productivity. But recently — and this is arguably the most worrying trend of all — it hasn't. Wage costs (per unit of output) in manufacturing have risen from 1.8 per cent a year ago to a potentially calamitous 6.1 per cent in March. Companies are paying ever higher wages for diminishing output per worker.

House prices are important because they fuel inflation and lead to consumers paying out more of their increased wealth. City analysts HSBC (2) reckon that 80 per cent of the increase in consumer spending is explained by rising house prices. Housing inflation is now showing signs of coming off the boil, but it has been surging for several years even though it is difficult to measure. The Halifax index (disproportionately wedded to sales in the north) shows a rise of only five per cent in the last year, while figures from the Nationwide (biased towards the south) indicates a rise of 12 per cent.

This shows up another vital feature of this recession. It depends who you are, where in Britain you live, and what your line of work is, as there are now lots of different regional economies. If you live in Newton Stewart in Scotland, the claimant unemployment rate is 14.9 per cent, while in the small town of Ricester in mellow Oxfordshire it's only 1.5 per cent(3), which in reality means no joblessness at all. If you work in the private sector, average earnings have gone up by an unsustainable 5.6 per cent in the past year. For public sector employees, the average increase was only 2.5 per cent (unsustainable for different reasons). Those in the City, where incomes rose by 47.5 per cent between last October and March, won't even know how to spell the word recession. And if you're on the payroll at Goldman Sachs, where

200 partners could receive \$80 million each from the proposed flotation, you need never worry again about any recession.

Service industries — finance, tourism, banking, construction and computing — are still booming, while manufacturing is facing a repetition of what has happened twice before in recent years when governments used the blunt instrument of high interest rates to curb spending and inflation.

This has the side effect of raising the value of the pound and diminishing industry's international competitiveness. Peter Tomlinson, managing director of IOSIS, supplier of components for embedded computer systems — regarded as an advance indicator of investment in productivity improvement — said yesterday: "Three months ago we saw a downturn which suggests that within six months there will be a recession in manufacturing."

**M**anufacturing these days accounts for less than 20 per cent of Britain's economic activity, but it is still important because it is responsible for primary wealth creation (subsequently spent in the service industries), and most of our exports.

With such confusing indicators does it make sense to raise interest rates yet again before we fully know the effects of the six increases already made since Labour won the election? Chancellor Gordon Brown is able to wash his hands of this decision on the grounds that he has hived off responsibility to the independent monetary committee at the Bank of England.

However, this is a tad disingenuous because, as the Bank often reminds him in coded language, if he had increased taxes by more in his budget in order to dampen consumer spending, then it may not have been necessary to raise interest rates by so much to do the same job. Brown is doubtly worried about sinking into recession because he has pledged that Labour will avoid the Stop-Go of the Tory years. In any case, a recession would be the worst possible environment in which to launch his flagship policy — encouraging the young and the long-term unemployed into jobs through the Welfare-to-Work Initiative.

But there is more than Gordon Brown's credibility at issue here. What is also on trial is the efficacy of the reforms started under Mrs Thatcher. The aim of the policy of privatisation — inward investment, market deregulation and reform of the labour

markets — was to boost productivity and lower inflation so Britain could enjoy sustained periods of non-inflationary growth.

The fact that wage inflation is now surging unsustainably ahead of what is happening on the continent of Europe, and in excess of productivity improvements in the UK, must raise questions about the degree to which past structural changes have been effective.

High wage inflation can no longer be blamed on union power or national pay bargaining. It has happened because employers, whether bargaining with unions or not, are agreeing inflationary wage settlements (not least when they receive their own increases in the boardroom).

They have ignored the Chancellor's frequent appeals for restraint, thereby allowing private sector pay to soar ahead of pay increases in the public sector where fierce restraint has been imposed by the Government, resulting this year in increases less than the rise in inflation.

Is there an alternative? Few economists except some experts as John Grieve Smith of Robinson College, Cambridge, are calling for some form of "incomes policy", a phrase that has disappeared almost completely from the language of New Labour and the unions.

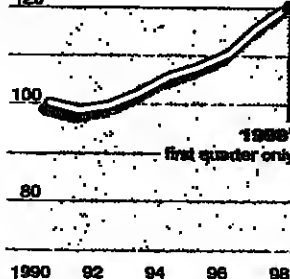
John Philpott, director of the Independent Employment Policy Institute has urged(4) more concerted wage bargaining accompanied by a structural national debate on the outlook for the economy of pay increases. Otherwise, there is a conspicuous absence of argument on a subject that once dominated economic debate.

It could be that wage pressures will subside once the bonus season is over and when the economy itself slows down further. But the underlying problem — how the UK economy can be run at a faster speed for sustained periods without generating inflation is stubbornly unresolved. It will have to be sorted out before we can safely join Europe's monetary union where wage inflation is simply not the same kind of problem.

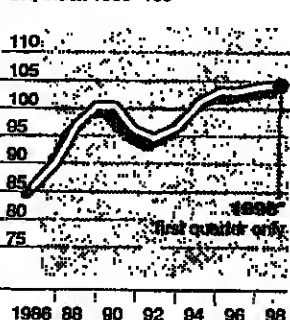
Sources: (1) National Statistics Office; press release May 22, 1998. (2) HSBC; UK Economic Watch, June 1 1998 (3) Labour Market Trends; NSO (4) Making Pay Work; Employment Policy Institute, February 1998. Graphics: NSO; Halifax. Graphics: Fribair Steehy; Matt Buck; Paddy Allen. Research: Jane Crinion. Victor Keegan is the Guardian's chief leader writer, and an economics commentator.

### What the indicators tell us

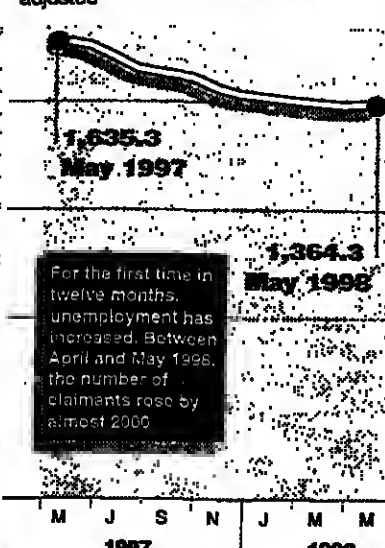
**Consumer spending**  
Consumer retail sales, seasonally adjusted by year, index 1990=100



**Manufacturing output**  
UK, index 1990=100



**Unemployment**  
Claimant numbers, 000s seasonally adjusted



Steady as she goes

**House prices**  
Average price £a, by year seasonally adjusted



**Retail price index**  
Percentage changes on previous year, all items, UK



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## A milestone for the poor

But what of the future?

THE FIRST and most important thing about yesterday's minimum wage statement is that it is truly an historic occasion. For the first time in Britain there is a floor beneath which wages are not legally allowed to fall and the same minimum will apply across the country so cowboy employers can be in no doubt what it is. Two million people will be removed from the worst of poverty wages.

That is a major milestone — ethical as much as economic — along the unending road to remove poverty and it ill-deserved some of the disparaging comments from union leaders yesterday. For the TGWU to describe it as "an endorsement of workplace poverty and a green light to the bad employer" and the GMB to say it is "a slap in the face" for Britain's youngsters is unworthy of them. Sure, practically everyone — except the usual crop of carping Conservative backbenchers yesterday — would like the minimum wage to be higher, but it makes practical sense to introduce it gradually to make sure it doesn't lead to politically unacceptable levels of unemployment, particularly among young people.

A minimum wage of £3.60 an hour (with a phased introduction of £3.20 for youngsters) must not be seen as an end in itself. It is not a decent living wage, but it should be judged with two things in mind. First, it must be seen against other measures, including the Working Families Tax Credit, with which a lone parent with one child working a 35-

hour week would be on £5 an hour, not £3.60p, once the tax credit, housing benefit and child benefit are added to basic pay. Second, this is the beginning of an on-going process to be monitored by a continuing Low Pay Commission. If, as we hope, it turns out that the minimum wage has little effect on unemployment, then the commission should not hesitate to say that the minimum level should be raised.

What is more worrying is whether the Government will accept its future recommendations in view of its reduction of the starting rate for 18- to 20-year-olds from £3.20 to £3 and the extension of it to 21-year-olds. Instead the new rate will be phased in over two years. The Government plausibly argues that it has not rejected the commission's recommendations but merely phased them in over a longer period so as not to risk worsening youth unemployment at a time when it is launching its Welfare-to-Work initiative. It points out that it has accepted practically all of the commission's 24 recommendations and that many youngsters are facing increases of up to 50 per cent in their earnings. That's fine but if the exemptions don't amount to much then why did the Government dilute any of the commission's thorough report which carved an authoritative consensus out of the conflicting claims of both sides of industry and the low-pay lobbies? More ominously, the Government hasn't confirmed an automatic rise in the minimum from £3.60 to £3.70 after one year. This suggests that the commission may have a fight on its hands if it decides to raise the minimum wage in future.

None of this should obscure the significance of this radical redistribution of income for the poorest paid. However the poor don't live in a vacuum. They see around them average earnings rising by 5 per cent a year and the fat cats in the board rooms

rewarding themselves with increases that must seem to the poor like something from another planet. The Government now has a strategy for minimum pay but not for maximum pay or even for pay in between — unless you happen to work in the public sector where an unacceptably severe incomes policy is in operation. Minimum wages must not be allowed to join public sector earnings as the orphan of pay policy. Fairness must be all embracing.

## Off-pitch politics

Iran vs US is more than a game

THE GREAT SATAN is beginning to become just a little bit cuddly. Wednesday's speech by the US Secretary of State, Madeleine Albright, inviting Iran to "bridge the gap" with the US has been billed by her aides as a major policy initiative. She acknowledged Iran's "critical role" in Asia and described the election as president of Mohammad Khatami nine months ago as "remarkable". She even offered an indirect apology for US cold war policies in the past: this may be seen as reciprocating a similar gesture by Mr Khatami when he regretted the "hurt" inflicted when the US hostages were seized after the revolution.

All of this is eminently sensible, particularly after several months of mixed signals from Washington in response to the new president's election, which can only have given encouragement to his enemies in Tehran. It is true that if the US opens its arms too wide, this could provoke a negative reaction. In all such cases where relations are being rebuilt from scratch, it is important to proceed with care. Ms Albright acknowledges that two decades of mistrust cannot be erased overnight, and that the gap

remains wide. But the proposal to develop a "roadmap" towards normalisation strikes the right note: yesterday's initial negative reaction from the Iranian foreign minister Kamal Kharrazi should not be taken too seriously. Both sides will now begin a cautious process of sounding out.

The strategic implications of this move are huge in more than one geopolitical direction. An improvement in Tehran's relations with the US would impact positively elsewhere in the Middle East, helping to disarm one of Israel's most potent concerns. If the UN is coming closer to lifting sanctions on Iraq as the process of weapons inspection nears completion, then there is all the more reason to bring its Iranian neighbour out of the diplomatic cold. Iran's involvement in the tangled oil politics of central Asia is another reason for establishing a more consultative mood with Tehran.

The timing of Ms Albright's initiative after much hesitation may simply indicate that a slow policy appraisal has at last reached maturity. But can it be entirely coincidence that it comes just before Iran plays the US in the World Cup?

## Viagra's value

But will it bankrupt the NHS?

MINISTERS are about to make Viagra, the new drug which tackles impotency, available on prescription. Is this right when all kinds of drugs and medical procedures are rationed already? It was drugs which produced the first big row in the national health service when prescription charges were debated within its first year and introduced by its third. Is the NHS, just two weeks away from its 50th birthday, about to be made bankrupt by the Viagra decision?

Some commentators have been predicting just such a dire outcome. Impotency increases by 1 per cent a year over the age of 20, with 40 per cent of men suffering from the condition by the age of 60. An estimated 3 million men are suffering from impotency in Britain. The new drug will cost the NHS £120 for a packet of 30. Clearly the final bill is going to be steep but the cost is being exaggerated.

Compared with some pharmaceutical breakthroughs, Viagra is extremely cheap. New drugs to tackle Aids and multiple sclerosis have run into five figures per patient per year. New treatments for patients with coronary artery disease and raised serum cholesterol concentrations have cost six figures per patient per year. Viagra, in comparison, looks cheaper than chicken feed, although its client group is much bigger. The larger the number of eligible patients, the more nervous ministers become about making a drug available. But anti-impotency drugs are already available on the NHS. Viagra is not just cheaper but much more convenient to use. The current options require either an injection in the penis or the insertion of a pellet. There are other ways the cost will be reduced for the NHS. If patients are restricted to one month's supply, which is the current practice in many hospitals, the better-off will be paying £5.80 a month even if the old and poor are receiving free prescriptions. Viagra passes three crucial tests: it is cheaper than current products, more easily administered, and likely to cause fewer complications.

Ministers are wary of a rising drugs bill, but not all drugs push up total costs. The new aids drugs have reduced the need for hospital beds. GPs do overprescribe, but even with Viagra many men will still be reluctant to turn up for a prescription.

## Letters to the Editor

### Needle over foreign names

GEORGE Martin has the wrong end of the stick when he suggests that ex-addict musicians speaking out will help to deglamorise drug-taking (Fashion defends 'junkie' image, June 17). In most cases the reverse is true: the most vocal examples like Eric Clapton, Pete Townshend, Van Morrison and David Bowie, who haven't made a decent record between them in years, only serve to reinforce the notion that good music requires good drugs. Catherine Lewis, Bristol.

YOUR recent reports have utilised the French spelling Marseille despite there being a long-established English usage, viz. Marseilles. I look forward to despatches from Bonn, Venezia, Lissao, Muncha, Genova, Milano, Wien, Napoli, København, Firenze, Köln, Antwerpen, Torino, Praha and divers places on the other side of the Channel — sorry, Manche. David Townsend, Brentwood, Essex.

YOU reported "Britain is the smallest of the Big Five" (Trident warheads to be cut by half, June 18). But when it comes to moral leadership, size is not important. Cllr Paul Ingram (Green), Oxford.

TRAVELLING on public transport is environmentally responsible and should be encouraged (Letters, June 18). But to an airport? Mark Lewney, Cardiff.

DAVID Smith (Letters, June 17) claims the Americans won the war. I seem to remember reports of some skirmishes in Russia in the early 1940s. Dr Brendan Judge, Torquay.

## The defects of eugenics

AS the parents of a now thriving and happy boy born well below the 15kg cut-off-line advocated by Michael Berwyn-Jones (Born losers, June 17) we wish to reply on his behalf. The article misses the point about natural selection the same way as the Nazis did. Human beings are curious and restless, and it is the challenge of overcoming the seemingly impossible that has changed humankind from a naked ape into a potential interplanetary voyager — and why we can communicate by e-mailing the Guardian rather than depositing pheromones on a lamp post.

Those who represent the frailty of the human condition most acutely, most acutely engage us with what it is to be human, and inspire all those who seek to transcend that frailty by extending the power of the human intellect. James and Claire Little, Newark, Notts.

MICHAEL Berwyn-Jones offers a bleak masculine concept of the brave new world, uncluttered by feeling and emotion. Undeniably some efforts to save very small babies are in the interest of neither the parent nor the child and, at up to £100,000 a

baby, are a significant drain on NHS resources. But the debate needs to be set within the social context. Integral to this is the mental well-being of parents, often desperate to bear offspring. Rhiannon Baker, Wadhurst, Sussex.

AS there are few of us who are blessed with a set of 100 per cent healthy genes, I take great exception to being labelled "feeble and immoral" for not being sterilised, after my "schist" act of producing a child who was hospitalised throughout her short life at great expense. Jane Dadsell, Romford, Essex.

MY wife is a beneficiary of fertility treatment. Her pregnancy brought about by IVF, her condition caused by an adolescent chlamydia infection. "Defective stock" in Mr Berwyn-Jones's words. But chlamydia is not a hereditary condition and neither are most of the causes of infertility. Now are the 5,000 or so children born so far by IVF treatment a serious contributory factor to population explosion. And how does he countenance his belief that "technical brilliance is taking

the evasion of natural selection to ridiculous extremes", with his plea for more voluntary sterilisation and genetic intervention? Where's the natural selection in that? Martyn Robinson, London.

DO not know any better than anyone else what society's view of infertility, dealing with premature babies, or indeed dealing with pre-birth diagnosed abnormalities should be, but I do know how much it costs both in time and resources. No government is going to throw much of its voters' money at the problem unless its voters insist. "£100,000 per baby" quoted by Berwyn-Jones is NHS money. What do the voters otherwise want to do with it? Roger Callender, (Obstetrician), Wolverhampton.

WHY not also consider the benefit of castrating young men, and allowing the elderly, the mestizo, the disabled (who cost us all so much) to die off quietly? Then we could deal with the rest our taxes support, like criminals and gypsies. Ruth Richardson, London.

## BBC tiptoes to privatisation

CHRIS Smith has now created the conditions for the privatisation of large parts of the BBC (Smith calls on BBC, June 17) by authorising the creation of the BBC's new commercial arm, BBC Resources Ltd. BBC executives deny this. Mr Smith is stern and sends out a comforting signal. There will be "no privatisation of the new subsidiary unless my further approval has been sought and obtained". Yet in raising the

point, Mr Smith admits the possibility. This idea was put forward by the Conservative's favourite think-tank of the 1980s, the Adam Smith Institute. Mrs Thatcher convened a public inquiry, the Peacock Committee, and after much public debate, this idea was shelved, until revived in the early 1990s by that protégé of the Thatcher era, John Birt. Devolving the BBC into self-financing units was seen by the Labour Party, and all

those concerned for the health of broadcasting, as a step towards privatisation; for it is impossible to simultaneously commercialise the BBC and promote public service broadcasting.

In place of a public inquiry into the future of the BBC, Mr Smith is content to offer us policy created by rightwing pressure groups, BBC executives and representatives from the media conglomerates. Tom O'Malley, Campaign for Press & Broadcasting Freedom, London.



## Racists? Do they mean us?

GARY Youngs must be mistaken in his experiences of racism in Europe (Borders of hate, June 17). I have been attending conferences on racism for years and have been told quite firmly by academics and officials in each country that racism could not possibly exist there. For instance:

- There is no racism towards migrants in Spain because it has been a country of emigration and understands the problems of immigrants.
- Racism is not a normal part of Italian culture because Italian fascism, unlike German fascism, was never anti-Semitic, and Italy had the largest communist party in Europe, reflecting a culture of international brotherhood.
- Germany had been the most institutionally racist state in Europe under the Nazis and, therefore, racism was removed when the Nazi state was abolished.
- Racism is absent from French culture because the 1789 revolution institutionalised "liberty, equality and fraternity" into French society.
- Sweden has never been a colonial power ruling over non-white peoples.
- The Dutch operated a more benevolent form of colonialism, illustrated by a high rate

of intermarriage between Dutch and ex-colonial peoples. • Portugal was the first country to open up new lands with its voyages of discovery to Africa and India, thus posing the Portuguese people to non-Europeans earlier than other countries.

If Guardian readers have examples to cover the missing EU countries, then we can really be sure that the EU is free of racism. Dr John Wrench, Centre for Migration and Ethnic Studies, Denmark.

GARY Youngs reminded us of racism — in England. In the eighties my daughter was the only one on her school trip to France to have her bags searched — she is mixed-race, the others were white. In Wetherby, in Yorkshire, she was asked by a policeman if she had absconded from a local secure home while standing on the pavement with a group of fellow sixth-formers. She asked the policeman why he was only putting questions to her. When we complained, a police inspector pointed out that the policeman was an ardent church-goer. C Pugh, Birmingham.

## Supporters split over Blair's off-the-ball tackle on thugs

I'M ALARMED at reports that Tony Blair is suggesting that convicted hoodlums be dismissed on return to the UK (Sack hoodlums, Blair tells employers, June 18). There has been a knee-jerk reaction to the situation and this government has given carte blanche to the French authorities to victimise the majority of English football supporters. The innocent will find themselves being dragged through the courts alongside those deserving our opprobrium: the real thugs. The returning fans will find the witchhunts continue and their lives shattered if our Prime Minister continues to pander to the Mail-reading moral majority. Mark Hart, Manchester.

I agree that such dismissals would be legally problematic. If these people are serving prison sentences then they will not be available for work; this will be an unauthorised absence, and they could be deemed to have frustrated their contracts. As well as bringing their country into disrepute, they are surely also guilty of the same in respect of their employer. David Long, Surbiton, Surrey.

I'm looking forward to a similar edict requesting that club sack players who abuse their partners or direct racist comments at their opponents. David McArdle, London.

PARELY do I feel sufficiently motivated to write to the letters page but I feel I must support the Prime Minister's view. Moreover, I do not

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## Gloria in excelsis

### Bel Littlejohn

Continuing our serialisation of Diana: Princess of Megastar by Bel Littlejohn, published by Fourth Estate

SO WHO was this royal bloke — this man in trousers, this product of an outdated upper class, this twitchy-faced defender of the sexual and hierarchical status quo — this nerd whom Diana sat along-

side in the royal carriage that cold, drizzly November afternoon as the reluctant horses, neighing and whinnying as if to say "Leave him, love", pulled the two of them back along the King's Road after their wedding in St Paul's Abbey?

Charles was the product of a supremely dysfunctional family. One of his forebears — Henry — had divorced two of his wives and beheaded two more. Another — Elizabeth I — had placed those she disagreed with on piles of logs, bolstered them up with Zip firefighters embossed with the royal logo and set fire to them. And yet another — Alfred — had, in a typically male frenzy of callous arson, burnt a senior citizen's cakes.

Charles's father, Philip, was a "man's man", frightening, sporty, given to arm-wrestling his wife before sitting down to a bedroom barbecue. Chastity was a stranger to him — but he

knew Melanie, Fidelity and Trizie all too well. A simple browse through the court circular of the period reveals the range and variety of the married women Philip "entertained" at his central London love-nest, Buckingham Castle, in just one week in 1970, his so-called "guests" included Mrs Brezhnev, Margaret Trudeau, Mary Wilson, Princess Grace of Monaco and Mrs Richard Nixon. Small wonder that his eldest son, socialised into this macho environment of misogyny, mayhem, malevolence, microbiology and (copy-editor insert something else beginning with m) was set to become the living embodiment of toffee-nosed sexism.

Charles, according to authoritative royal biographer, Kitty Kelley, was educated at Eton Academy, where he was forced to wear the traditional school uniform, designed for Queen Victoria, of long crinoline dress, high-heeled shoes

and black silk brassiers. Here, reveals Kelley, Charles first learnt to shoot baby seals at close range and, every morning before breakfast, to prove his manhood by placing his right arm inside the stomach of a dead sheep and supping on its entrails.

AT Cambridge, he refused to follow the pursuits of the ordinary student. Not for Prince Snoopy the "Make Love Not War" T-shirt, the sit-in, the Che Guevara poster, the puking in the gutter after eight pints of Watworth's Triple X, the mind-blowing split in the shared sleeping-hag while Pink Floyd's latest concept album blasted from the speakers: no, His Royal Snootiness preferred to indulge in the elite pastimes of his class, dressing up to murder household pets in the name of sport.

And what, then, of Diana? According to Kitty Kelley,

author of authoritative biographies like Bob Hope: Come-dinner-and-Serious-Killer and The Queen Mother: Slut, the Prince's advisers chose her from a catalogue, and the Prince spoke to her only once before their marriage, turning to her at dinner one night and asking her to pass him the mashed potato. According to Bert Bang, for many years one of the most expert royal watchers on the Daily Star, the Prince could not even remember her name, referring to her in official speeches as "Princess Deirdre" or even "Princess Darren".

It was only after five long years of marriage that Charles first noticed the Princess of Wales was a woman. One evening, she wore an off-the-shoulder crinoline number, a ravishing dress that announced that here was no shrinking violet but a full-bodied, broad-shouldered, wholly-sexualised woman in

the manner of Marilyn Monroe. Looking at herself in the mirror, Diana almost certainly thought, in her own words, "Hey! This is me! I am woman! I am empowered by my burgeoning sexuality to challenge my containment in a patriarchal structure dominated by the class-based shibboleths of a past age. And yes, in the words of the legendary Gloria Gaynor — I will survive."

Though I never "knew" Diana in any tedious literal sense of the word, I did indeed know her in the far deeper sense of never having met her at all. Her in all her harness, her HRHness, her HG'ness, her HRP'ness, Diana, the working-class girl who took on the British aristocracy, Diana, the nursery-school teacher who rose to become the Oxford Professor of Modern Philosophy. No, Diana, we writers shall never, ever forget you, not for as long as sales permit.





Brush with the future... Kestelman's Fisherman Mending Nets, painted in 1955 during his transition from representational to abstract work

## Morris Kestelman

## Painting with purpose

MORRIS Kestelman, who has died aged 92, was one of several British painters, not exactly a group, who went over from representation to abstraction in the early 1950s. That this did not cause anything like the hullabaloo that the "defection" of, say, Victor Pasmore or Rodrigo Moynihan caused was due partly to Kestelman being considerably less well-known than either of them, but also — characteristic of him personally — because he did it not with a flourish, not even perhaps as the result of a decision consciously taken. Virtually everything in Kestelman's life, professional and personal, happened with the same appearance of inevitability — as though he just left things to develop organically of their own accord. Almost certainly this was far from the case: he had an underlying steely determination in everything that affected his art — though not

necessarily in a professional sense. He had little to do with artistic politics, and cared little about knowing the right people, being shown in the right places, or acquiring the right patrons. But when something seemed right to him artistically, then he could not be budged. This means that his work, whether representational or abstract, has an inescapable sense of inner conviction: that is the way he sees it, that is the way it is. It is consequently very difficult in his mature work to pin down influences or attach him to schools. Typically, the only society that he joined and stayed with was the London Group — and one could hardly ask for a less defining, less constraining body.



Kestelman... the way it is

John Tunnard. But most of his life was dedicated to art, either making or teaching it. Kestelman was born in London, the second of four children of recent Jewish émigrés from eastern Europe. He seems to have been drawing and painting almost before he could read or write, and there was never much doubt that he would have to become a professional artist. When he was

17, he went to the Central School of Art, where he studied under Bernard Meninsky, who became a major inspiration as well as a personal friend. There is often something slightly reminiscent of Meninsky about his early work, notably a series of paintings of peasants in France and Spain going about their everyday lives in rather dreamlike landscapes, which recall Meninsky's later so-called "Militant" pastels.

In 1931, much against Meninsky's will, Kestelman took himself off to complete three months' painting at Cagnes-sur-Mer, on the French Riviera, where to begin with he occupied Soutine's old studio. Meninsky mistrusted the Mediterranean blandishments of Cagnes, but Kestelman adapted in much the same way that Kandinsky had made the transition in the 1920s, first painting his usual subjects (in Kestelman's case mostly landscapes) with more and more freedom, then gradually

letting the representational element drain away until all that was left was the expressive colours and the organic-looking but unrecognisable shapes.

After his retirement as Head of Painting at Central in 1971 Kestelman continued to paint with renewed energy and enthusiasm. He remained extraordinarily youthful — at his 90th birthday party it was universally remarked that he could well pass for 30 years younger — and he was painting and exhibiting right to the last. One of his finest abstracts, of plant-like forms in greens and browns, is in the current Royal Academy summer exhibition.

Kestelman married in 1936. His wife died last year and he is survived by their only child, the actress Sara Kestelman.

John Russell Taylor

Morris Kestelman, painter, born October 5, 1905; died June 15, 1998

## Professor Gerald 'Ged' Adams

## A fighter in the cancer wars

PROFESSOR Gerald "Ged" Adams, chairman of the Gray Laboratory Cancer Research Trust and former director of the Medical Research Council Radiobiology Unit, has died aged 68. His approach to science was epitomised in his assertion that "God created science, but man created physics, chemistry and biology". His vigour and enthusiasm, particularly for collaborative projects between disciplines, generated an international reputation in radiation science and cancer research.

Educated at Manchester Grammar School, Adams studied chemistry (after military service) at what is now the University of Salford, and then chemistry at the University of Manchester. Two overseas post-doctoral appointments in radiation chemistry research followed. In 1962, the late L H Gray was looking for a radiation chemist to advance knowledge about the short-lived free radicals produced when aqueous solutions (or cancer cells) are irradiated, using the then new technique of pulse radiolysis. Adams was invited to join Gray's unit in radiobiology at Mount Vernon Hospital, Middlesex, and soon began to apply his radiation-chemical knowledge to problems of biological interest.

Arguably his most well-known contribution to radiation science and cancer treatment was in the development of drugs as hypoxic cell radiosensitisers. Gray, with O C A Scott, had identified low intracellular oxygen levels as a potential cause of failure of radiotherapy treatment. Adams sought to identify drugs that might restore the radiosensitivity of hypoxic tumour cells by intercepting the free radicals produced during radiotherapy.

By 1971 his team had managed to identify the most suitable type of compound for clinical evaluation in radiotherapy, and in 1974 the first major clinical trial of a radiosensitising drug took place. It is a testimony to Adams's vigour that it was to be only a few months between his team characterising the drug's radio-sensitising properties in chemical solutions and calling it a day and its first trial in patients.

Neurotoxicity of this and successor drugs limited human tolerance and hence clinical effectiveness. How-

ever, meta-analysis of numerous clinical trials of Adams's prototype and analogues proved not only the validity of the concept, but also underlined the link between oxygen "starvation" and the success of radiotherapy treatment put forward by Gray and Scott.

In 1977 Adams was appointed professor of physics as applied to medicine of the University of London at the Institute of Cancer Research (ICR) in Sutton. There, he was to expand his team and take a new bio-reductive drug, selectively toxic to hypoxic tumour cells, towards clinical trial. While this, too, proved eventually unsuitable, the work stimulated a vigorous new field of cancer research.



Adams... collaborative

hardly described Ged's life-style after his period as MRC director. He was toyed by the Cancer Research Campaign (CRC) to become editor-in-chief of the British Journal of Cancer. He also became the first chairman of the Gray Laboratory Cancer Research Trust, set up in 1985 to oversee the transfer to an independent unit of the Mount Vernon research institute.

The laboratory had been through a period of change, but Ged was not content to see his former institute simply consolidated its research. He helped assemble a new board of trustees, began a major fund-raising appeal in conjunction with the CRC, set up a building programme to house new research initiatives, and moved the mag-

netic resonance facility from Harwell to the Gray Laboratory, and recruited several young scientists to work on new areas of research. This thriving environment in turn helped stimulate the existing research programmes to new successes. In recognition of his pivotal contribution, the new building is to be named the Ged Adams Building.

Such activity in retirement is easily understood when one views Ged's earlier extramural roles. He served as chairman of the Association for Radiation Research (UK) and as president of the International Association for Radiation Research. He was also elected president of the Radiation Research Society in the United States. He served as chairman of the British Association for Cancer Research, as president of the British Institute of Radiology, on the Board of the European Society for Therapeutic Radiology and Oncology, and as president of the Eighth International Congress of Radiation Research. Nine months' honours came his way.

Ged was not elitist, and mixed as easily with young scientists as with the elder statesmen of radiation research. He was as interested in immediate benefits in patient treatment as in longer-term and more basic research. One of his most recent projects was to raise funds for the installation of a cyclotron at the Gray Laboratory, to provide isotopes for the scanner centre at Mount Vernon, and thus help improve diagnostic imaging of patients' tumours — and learn more about tumour physiology.

Those who seek to follow in Ged's footsteps will not match his impact on research across a wide spectrum of science if they cannot manage, as he did, to "escape from the confinement... of the cult of specialisation for learning more and more about less and less." Adams, too, demonstrated the power of multi-disciplinary research, but it will be a hard act to follow; his presence will be sorely missed in many international forums.

He leaves a widow, Margaret, and three sons, from whom he drew much support.

Peter Wardman

Gerald Edward Adams, scientist, born March 6, 1930; died June 6, 1998

## Keith Newton

## Back to the front

FULL-BACKS have long been the unsung heroes of football: they do not fill glamorous positions. But Keith Newton, who has died of cancer aged 56, proved his durability by playing more than 550 league matches for his three main clubs. His star quality was underlined by his success. At Blackburn, he developed into the best right-back in the country; at Everton, he was part of a title-winning team; at Burnley, he helped his club climb back into the First Division.

His ability also took him to international heights and he made 27 appearances for England between the World Cup triumph of 1966 and the finals in Mexico four years later.

Tall and strong, Newton had all the qualities of a top-class defender. But he also possessed the ability to counter-attack at speed, acting as a winger when they were out of fashion, and even though size international career ended after the 1970 World Cup, he still had eight years of league football left in him — six of them with Burnley.

Born in Manchester, Newton joined Blackburn Rovers

in April, 1958 as a non-contract player. Six months later, he signed as a professional. In his younger days he played inside-forward, wing-half and, in the Rovers team which claimed the FA Youth Cup in 1959, centre-half. But it was as a full-back that he won England under-21 recognition and was unlucky to miss selection for the 1966 World Cup squad.

Although Rovers dropped into the Second Division that year, Newton's qualities ensured he became a regular international choice. But he was unsettled and eventually moved to Everton in December 1969 for £80,000.

THAT move perhaps ensured he went to Mexico in 1970, where in a 3-2 quarter-final defeat England's defence of the trophy ended. Newton had set up goals for Alan Mullery and Martin Peters and England were in a seemingly unbeatable position until Geoff Muller, Franz Beckenbauer and company scored three times to put them out of the competition.

Newton was never to play for his country again. Never-

theless, the 1969-70 domestic season had ended with him boasting a championship medal as part of an outstanding Everton team. His career with the club involved almost 50 league appearances, with one goal.

In June, 1972, Newton stepped back down to Division Two by joining Burnley on a free transfer, but it wasn't long before he was in the top flight again. Excelling at full-back, he was ever-present as Burnley won the Second Division championship and stayed up until 1976. Always a popular and effective player, he made 282 appearances for the club in all competitions, scoring seven goals.

In 1979, Newton dropped out of full-time football and had a brief spell as manager of non-league Morecambe and Clitheroe. He later worked in the motor trade in Blackburn. He leaves a wife, Barbara, and a son.

Peter White

Keith Robert Newton, footballer, born June 23, 1941; died June 16, 1998

## A Country Diary

CO LONDONDERRY: The larks sang overhead and the dog roses bloomed in damask pink and yellow forms on the dunes behind the foreshore at Castlerock, which provide the acreage of one of the four coastal golf courses over which the Black Bush Causeway Coast Amateur Gold Tournament was played. With one rest day, when we got wet in a cool wind coming on off the Irish Sea, we went through the four-course rotation without getting rained on. When the wind is in the west, the showers can come in over 3,000 miles of open Atlantic and appear over the hulk of Inishmore to soak you before you have time to get the rain gear out of the bag. Ballycastle, the most easterly of the links, we visited on a day of sparkling sunshine and the most extended views northwards to Islay and Jura were the clearest I have ever seen from this point on the coast. In the foreground, the long shape of Rathlin Island lay before us and the windmill electricity generators, the proof of the success of the local campaign, the islanders ran for a mains electricity supply, could be spotted just below the peak of the ridge. At Portstewart, the Bann is close to entering the sea, and the swirling peaty waters made a dark river surface despite a blue sky above. On the last afternoon, just to make a change from golf, I took a colleague to visit the Giant's Causeway and the still water offshore and the westerling sun made a perfect setting for this set piece example of earth science.

COLIN LUCKHURST

## Death Notices

WORRELL, Raymond of St. Vincent's Road, Grantham, passed away peacefully at home on 12th June, 1998, aged 71 years. Loving husband of Sheila and a devoted father, brother and grandfather. Will be sadly missed.

BIRTHS

BEALE, Emily Louise, was born in San Francisco on 4th June, 1998, weighing 9lb 4oz. Much love and many congratulations from both families to her parents, Andy and Jane (née McMillan). Emily is the first grandchild of Brian and Jane McMillan, of Canada, and David and Elaine Beale, of Surrey.

ANNIVERSARIES

MALLARD, HATFIELD, 21st June 1952 at St. Michael's Church, Wilmington, Kent. To place your announcement in the paper, please contact the office of the Readers' Editor by telephoning 0171 239 9539 between 11am and 5pm, Monday to Friday. Surface mail to Readers' Editor, The Guardian, 119, Farringdon Road, London EC1R 3ER. Fax: 0171 239 9597. E-mail: reader@guardian.co.uk

## Malcolm Gluck's Not The World Cup Case



Only £59.95 inc p&p delivered to your door



There is nothing new in valiant Britons fighting on the fields of France, but for those sporting pacifists who, like me, find the whole thing rather overwhelming help is at hand: the Guardian's Not The World Cup Case of Wine. Here are twelve bottles, not quite representative of all the nations competing (Brazil, to name but one absentee, produces dribblers but very few gluggers), but each is highly drinkable and good value. So pour, quaff, sit back. It is not necessary to think of England or Scotland.

A 12-bottle mixed case of wine comprising:

- RIQUA CRIANZA JESUS PUELLES 1985 (SPAIN) Lovely elegance, freshness and youth. Vivacious yet controlled. (18 points)
- NORTE CHICO CABERNET SAUVIGNON MERLOT 1997 (CHILE) Quite big and chunky with good tannins and a sweet juicy finish. (14.5 points)
- PETERQA CHARDONNAY 1996 (CHILE) Lots of flavour — an excellent balance of elements. (15 points) 2 bottles
- BERKANE DOMAINE CHAUDROLEIL (MOROCCO) Great two-pronged attack of depth and surface vigour. (15.5 points)
- LIUBIMETZ SAKAR MOUNTAIN CABERNET 1992 (BULGARIA) Juicy, warm and dry — the essence of what approachable Cabernet is about. (15.5 points)
- FIOR DI SELVA BARBRIQUE DOGG 1994 (ITALY) Hugely classy organic red. It is rich, tobacco edged, expensive, luxurious and very refined. (16.5 points)
- LES SUGARILLES COTES DU LUBERON ROUGE 1997 (FRANCE) Gentle, earthy fruit which is never pushy or too restrained, but simply unpretentiously quotable. (15.5 points)
- VAUCLUSE ROUGE 1997 (FRANCE) Soft ripe fruit with a hint of earth fights it out with the balancing acidity for control of the taste buds — great little plug. (15 points) 2 bottles
- COTES DU RHONE BLANC LES CHAIS DE LA BARRADE 1997 (FRANCE) Uniquely flavoured fresh and French. Not remotely modern but delicious. (15.5 points) 2 bottles

Wine supplied by The Guardian Wine Shop, Vineland, 261 Upper Town Street, Leeds LS1 3JL. Tel: 0870 73 73 710. Fax: 0113 257 6506.

The Guardian Wine Shop

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## CORRECTIONS AND CLARIFICATIONS

JEREMY ROBERTS QC: On July 31, 1997, we published a review of the *Rough Justice* programme broadcast by BBC2. The review repeated a statement made in the programme, that during the Carl Bridgewater appeal, Mr Roberts attempted to stifle a valid criticism of Mr John Gorman QC, who was Pat Molloy's original leading counsel at the trial in 1979, by threatening to retaliate by introducing in evidence Molloy's alleged confession to a prison education officer. The BBC have apologised to Mr Roberts in a statement made

to open court accepting that the allegation was wholly untrue and should not have been made and have paid substantial damages to a charity of his choice. We apologise to Mr Roberts for repeating the allegation.

IN AN American Notebook, page 18, June 15, we referred to the B-17 Flying Fortress and the B-24 Liberator as "two of Boeing's most illustrious war planes". The B-24 was in fact designed and built by the Consolidated Aircraft Corporation.

BERRY POMEROY, one of the

seats of the Duke of Somerset, is in Devon, not Somerset. We located wrongly in an article headed, Last of the line, page 4, G2, June 16.

It is the policy of the Guardian to correct errors as soon as possible. Please quote date and page number. Readers may contact the office of the Readers' Editor by telephoning 0171 239 9539 between 11am and 5pm, Monday to Friday. Surface mail to Readers' Editor, The Guardian, 119, Farringdon Road, London EC1R 3ER. Fax: 0171 239 9597. E-mail: reader@guardian.co.uk

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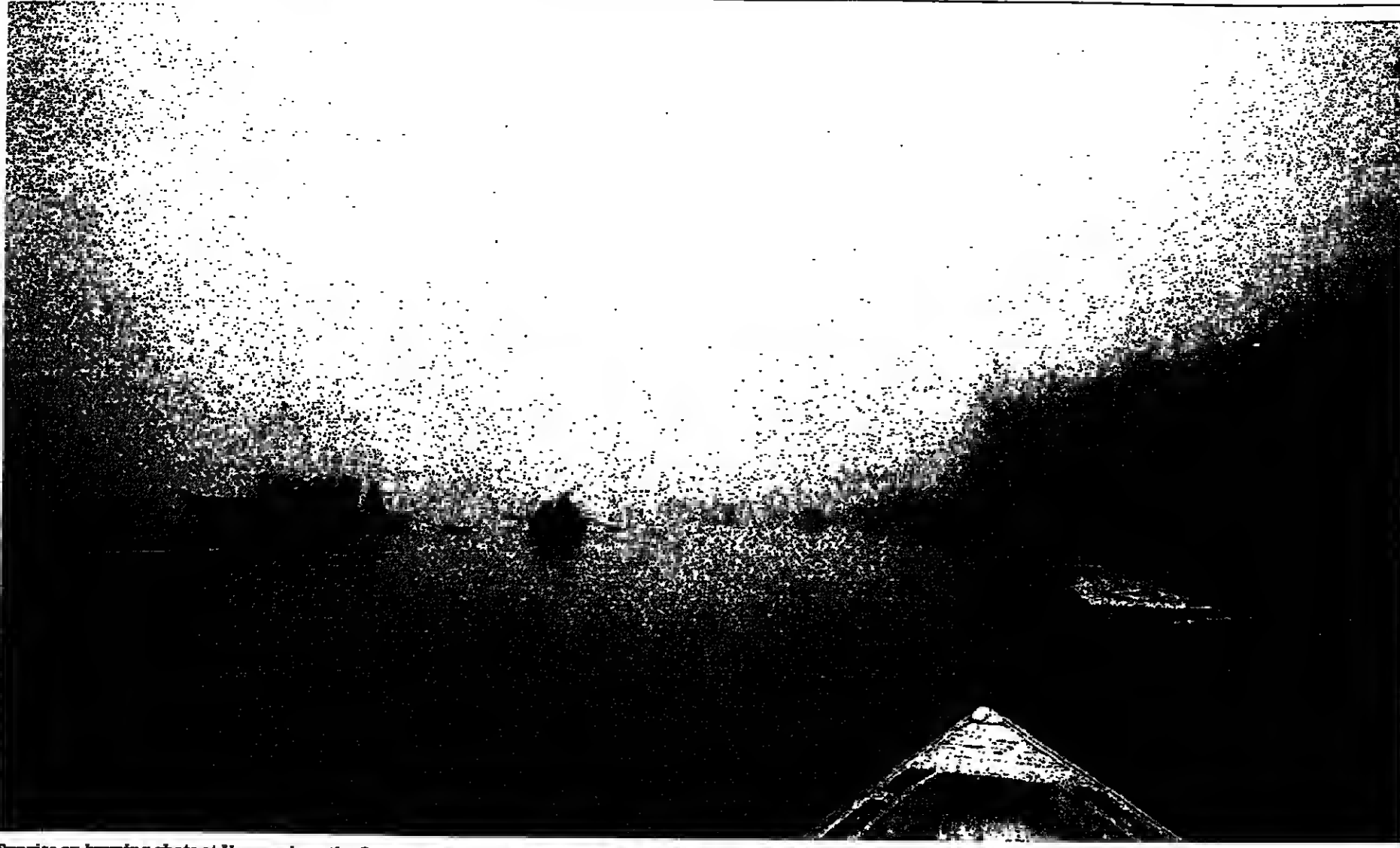
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Sunrise on burning ghats at Varanasi, on the Ganges, one of the more exotic destinations for the industry in which more mergers are expected

PHOTOGRAPH: TONY MAY

# First Choice beats rivals to Unijet

Tony May

**C**ONSOLIDATION of the £37 billion a year package holiday industry moved a stage further yesterday with the announcement of two deals totalling £180 million.

The First Choice holiday group beat off its rivals to buy out the Unijet group, number five in the industry, and Hayes & Jarvis, the upmarket package holiday group, for a total of £184 million.

Thomas Cook paid an undisclosed sum, estimated by

analysts to be £65 million, for Flying Colours, which runs Club 18-30 and Sunset Holidays.

The deals are said to have pushed First Choice up to number two in the industry, with a 15.4 per cent market share, just ahead of Airtours with 15 per cent.

The German-owned Thomas Cook is at number four, but so fast was the pace of change that it had to scrap an announcement it had prepared in the morning claiming the number three slot.

Ian Clubb, chairman of First Choice, said bidding for the target companies was pro-

tracted over many weeks and all the industry's major participants like Thomson and Airtours were involved. Although they emerged as the winners, neither First Choice nor Thomas Cook admitted they were paying too much.

Mr Clubb believes there may be more mergers to come. The remaining independents Cosmos, with 3 per cent of the market, and Inspirations, holding 1 per cent, are still in play.

First Choice and Thomas Cook said that competition would remain fierce and that consumers would benefit, but the real winners were the

vendors. Chris Parker, founder of Unijet, will pocket about £105 million from the deal and Thomas and Melba Corra, who founded Hayes & Jarvis 20 years ago, will take £24 million to the Caribbean where they run hotels.

Unijet is 34 per cent owned by KLM Royal Dutch Airlines, which will receive £27 million in cash, and Flying Colours was owned by venture capitalists headed by NatWest Equity Partners.

First Choice becomes the biggest operator in the rapidly expanding and more profitable long-haul business.

"Together these strategic

acquisitions offer a unique opportunity for First Choice to become the leading player in the fast growing high-value long-haul sector," said Mr Clubb. The deals bring his group new destinations in Africa, the Far East and the Caribbean.

He expects to show savings of about £5 million a year, partly by incorporating Unijet's aircraft with his own. He warned that some jobs would go, but only at the airline.

Separately, the company said its loss in the six months to April 30 had fallen 42 per cent to £13.7 million as the performance of its UK and Ca-

nadian businesses improved. First Choice, which is in the second year of a cost-cutting reorganisation, makes most of its profit in the second half of the year, like other tour operators. It aims to increase its profit margin to the industry-average of 4 per cent of sales by 1999.

The package travel industry is growing at 8.5 per cent a year. The 17.9 million passengers carried last year earned revenue of £7.5 billion for the air-inclusive part of the industry, an increase of 17.2 per cent on 1996. The average holiday price was up 3.4 per cent to £294.

## The big players

### Thomson

**BRITAIN'S** largest travel operator with 21 per cent of the market.

Its Britannia Airways is the UK's second biggest airline after BA. It owns the Lunan Poly tour agency chain as well as Holiday Cottages, the biggest renter of holiday cottages in the Britain.

Its brands include Ausbound, Austrel, Budget Travel, Portland Direct and Skytours.

Last year it sold 3.7 million holidays and flew nearly 18 million people to make a profit of £112.4 million on turnover of £1.7 billion.

### First Choice

NOW claims a 15.4 per cent market share. Profit last year was £15.4 million on turnover of £1 billion while Unijet made £10.2 million profit on turnover of £308.6 million.

Hayes & Jarvis had a turnover of £51.7 million in 1997 and an adjusted profit before taxation of £2.7 million, stated after adding back non-recurring directors' emoluments and bonuses of £700,000.

First Choice will benefit from Unijet's strength in holidays to Florida and the Caribbean and gain six aircraft from its Leisure International subsidiary. Unijet also has a car hire division, Suncars, which operates in its main holiday destinations.

### Airtours

**WAS** the industry number two with 15 per cent of the market.

It owns Airtours International Airways and the Going Places travel chain.

Had it succeeded in buying Unijet it would have had a market share of 20 per cent, but instead may have slipped to number three.

Its brands include Aspro Holidays, Eurosites and Tradewinds and last year it carried 5 million passengers and sold 2.9 million holidays. It made a profit of £120 million on turnover of £2.1 billion.

### Thomas Cook

ONCE owned by the British Government, the privatised tour group is now in the hands of Westdeutsche Landesbank. The company says its purchase of Flying Colours could give Sunworld 16 per cent of its market. But it would remain fourth in terms of holidays sold.

It expects to carry more than 1.5 million people this summer on its combined fleet of 14 aircraft. Flying Colours has 5 per cent of the market and a total staff of 1,400. It will be merged with Sunworld, established in 1991 and purchased by Thomas Cook in 1996. It has an 11 per cent share of the UK market and employs 1,800 staff.

# Remy needs ally after £64.2m loss

Lisa Buckingham  
City Editor

**R**EMY Cointreau, the world's sixth biggest drinks group, may be forced into an alliance with an industry saviour after announcing larger than expected losses yesterday.

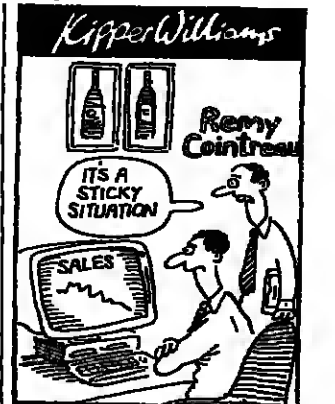
The group, whose brands include Remy Martin cognac, Cointreau and the Figeat brandy, lost £62 million French francs (£64.2 million) in the year to March.

The Asian crisis has hit its largest business, cognac, as Japanese and Chinese drinkers have switched to cheaper brands. Sales crashed by 9.3 per cent.

Remy's already crippling debt grew by another 24 per cent in the year taking it to Fr7.8 billion and giving the group a frightening 200 per cent gearing.

Its compatriot rival, Pernod Ricard, has been tipped as a potential bidder. Any change needs the backing of the founding Heriart Dubreuil family which owns 55.2 per cent of the share.

Remy also incurred a charge of Fr383 million to extract itself from futures contracts in which it bet that the dollar would fall. These have



become punitive as the dollar has strengthened.

Remy hinted earlier this year that it might be forced to take on a distribution partner in an effort to revive its financial standing.

Shares rose 3.4 per cent to Fr120.5, possibly in the expectation that predators in the drinks industry will begin to gather. Executives have already said they want to sell more than Fr1 billion of assets to reduce debts.

The French company was described as in a "critical" position by one analyst. The loss was the first since the group was formed when the family-owned E. Remy Martin merged with Cointreau.

# Disney logs up megaweb stake

Mark Tran in New York  
and Roger Cowe

**T**HE Walt Disney Company yesterday agreed to buy a 43 per cent stake in Infoseek, an Internet search engine, in the latest move by an established media company to create a "portal", or a virtual community on the Internet.

The deal forms a combined Internet company that ties together the resources of Infoseek, Disney and Starwave — a leading designer and operator of web sites for other companies. The new entity, which will continue to be called Infoseek, will be one of the Internet's most popular search and directory services, with the fifth largest number of users.

Interest in portals intensified last week when NBC Television, a division of General Electric, one of America's largest conglomerates, paid \$38 million (£19.8 million) for a minority investment in Internet media firm CNET and its Snap! directory service. Snap! had been considered a marginal participant in Internet directory services dominated by companies like Yahoo and Ex-

cite. These Internet search engines are transforming themselves into more than just directories. They are creating portals or megaweb sites designed to fulfil people's every online need from browsing and shopping to playing and chatting.

It is not only the Internet portals that are attracting attention. Shares in Internet providers surged this week after America Online, the largest online service in the US, rebuffed a takeover bid by AT&T, the telecommunications giant.

AOL spurned AT&T's buyout offer, but has expressed its eagerness to "establish alliances with a wide range of telecommunications, media and technology companies".

The interest in Internet companies comes with the growing belief that the web could transform daily life.

Internet shopping is set to boom in Europe, says Euro-monitor, the market research company, in its report Retail Trade International, published yesterday. "Internet shopping is the future and it is arriving very rapidly," said Jane Westgarth, author of the study. Other experts are more sceptical about the web's potential.

# Boeing raises stakes in battle with Airbus

David Gow

**B**OEING yesterday raised the stakes in its battle with Airbus for global supremacy in airliners by dismissing its European rival's plans for a superjumbo jet as "too late, too risky".

The world's biggest civil aviation company said the world jetliner fleet would more than double over next 20 years to 26,200, with 17,000 new planes worth \$750 billion delivered.

But Boeing, of Seattle, said in its annual market outlook that demand for bigger jets, like Airbus's planned 560-seater A3XX, would be small over the next two decades.

Bruce Dennis, vice-president of marketing, said the projected requirement for aircraft of 500 seats or more

would amount to 425 before 2015, against the 1,300 estimated by Airbus, the foundation consortium of British Aerospace, France's Aerospatiale, Germany's Dasa and Spain's Casa.

"They've already revised their estimates downwards," Mr Dennis told simultaneous news conferences in New York, London and Berlin. "Only time will tell who's right, but we think that large aeroplanes will provide just six per cent of the market in the next 20 years — and, of that, more than half will be supplied by 400-500-seaters."

Boeing said that only in the next millennium, when most major intercontinental routes had a daily service and air-ports were more severe, would demand grow for very large planes.

Mr Dennis said, however,

that the problems of congestion had been exaggerated, with 88 per cent of the growth in air travel coming from more frequent flights on established routes, including those by-passing big airports. Congested airports like Heathrow and Frankfurt might use large jetliners.

Boeing expects the rise in global air travel to average 4.9 per cent a year for two decades despite the immediate effects of the Asian crisis.

Mr Dennis said: "We assume the crisis will be contained within that area and perhaps confined to some countries, not all. Of course, if for some reason that starts to spread out of Asia, all bets are off." He expected the recession to last between 12 and 18 months before historic growth patterns resumed within five years.

## News in brief

### Saudi prince eyes fashion house

SAUDI Prince Alwaleed bin Talal is in talks to buy a stake in Italian fashion house Gianfranco Ferré. Franco Mattioli, designer Ferré's business partner, is quoted in the Italian weekly *Il Mondo* as saying that he saw a "70 per cent probability of closing the talks within about 10 days' time".

The Milan-based fashion company is discussing the 250 billion lire (£7 million) sale to the prince of 49 per cent of the controlling stake held by Mattioli and Ferré. Officials at Ferré declined to comment on the talks. — *Bloomberg*

### Ginger pulls out

CHRIS Evans' Ginger Media Group has withdrawn as a shareholder from the consortium bidding for the national commercial digital radio licence. The move follows a disagreement with other partners over the structure of the consortium known as Digital One. Instead NTL, the cable TV operator, is to take a shareholding and make a "substantial investment".

Ginger's decision gave rise to speculation last night that it may be discussing alternative ventures in digital radio with Rupert Murdoch's operations. The move follows a disagreement with other partners over the structure of the consortium known as Digital One. Instead NTL, the cable TV operator, is to take a shareholding and make a "substantial investment".

### Blues for Jazz

GOLDEN ROSE Communications, which operates the Jazz FM radio stations in London and the North-West, is looking for a partner and extra financing. The group turned in half-year operating losses up from £398,000 to £723,000 on turnover 15 per cent higher of £1.5 million. The company blamed the costs of an advertising campaign. It said the prospects for radio advertising remained strong, and that higher revenues from the stations were expected. — *Chris Barrie*

### Sketchley shares down

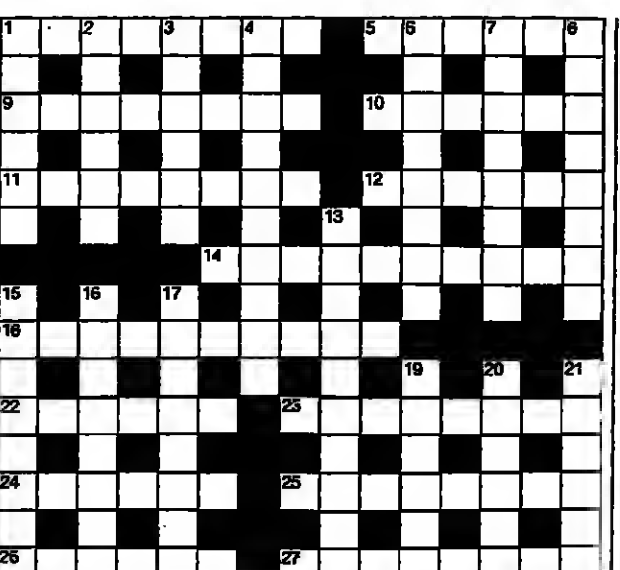
SHARES in Sketchley fell 10 per cent to 37p after the group said it was in talks with a potential bidder had ended with no firm proposal. But it is still involved in discussions to sell its dry cleaning and SuperSnaps businesses. These sales, said to be for about £10 million, would leave it with a cable-laying business acquired last year. Sketchley first announced it had been approached on January 9 but did not name the company. The City speculated it was the Minit group. — *Tony May*

### Pilots in strike vote

A STRIKE ballot among pilots employed by British Midland threatens the company's services during the summer. It emerged last night. Talks between BM and the pilots' union, Balpa, on a new pay and conditions package have broken down, and a 4:1 majority in favour of strike action is expected in a ballot of BM's 400 pilots to be announced next week. — *Keith Horner*

## Guardian Crossword No 21,305

Set by Crispa

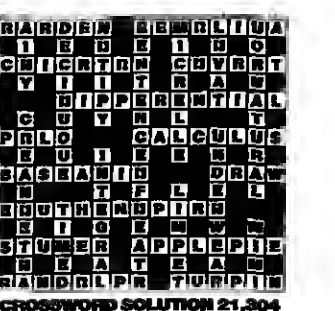


### Across

- Report setting of the French copy beside English (8)
- Takes up commercial post with organisation (8)
- Harangue but render assistance to backward people (8)
- Courage given by drink? (5)
- Means to see notes about the old-fashioned girl (8)
- Such a story makes a member object (6)
- Not against development where there is none (10)
- "Beddies" in the main (10)
- The musician's long held this (8)
- A type of hormone that builds a heavenly body (8)
- Each will take a portion (6)
- Cashier having underworld role (8)

### Down

- Old birds swindle dupes (6)
- Stopped wearing corsets (6)
- Men with guns count — but not often (6)
- Rest a bit by mistake and she'll certainly mind (4-6)
- Passes on article about a person of some authority, a bishop (8)
- Deplorable way to call for retirement (8)
- Heartless fool terminating disbursement (8)
- Awful gags serve to keep one fighting (10)



CROSSWORD SOLUTION 21,304

## Meacher instructs firms to volunteer for clean-up

Roger Cowe

**T**HE Government yesterday challenged business to come up with ways to cut waste, energy use and pollution, and threatened regulation and taxes if a voluntary approach fails.

Each sector of industry is to be asked to develop a strategy for sustainability to include targets for reducing transport, energy and water use, and cutting pol-

lution to air and water. Publishing a consultation paper, Sustainable Business, the Environment Minister, Michael Meacher, said the developed world could not carry on with practices like using 11 tonnes of raw material to produce one tonne of useful product.

The minister said better solutions would be developed by businesses themselves rather than being imposed by government. He

said he had already asked the chemicals industry to aim for a 90 per cent reduction in emissions instead of the 20 per cent the industry had offered.

"We don't have to accept what industry proposes. If we don't like the standards which are proposed we are going to have to consider tougher measures", Mr Meacher said.

The Green Paper is to be sent to trade associations and the 31,000 British businesses with more than 100 employees. They are asked to respond to a questionnaire covering a range of social and environmental issues, including employment of ethnic groups and ethical trading as well as environmental targets.

TOURIST RATES — BANK SELLS			
Australia 2.55	Germany 2.88	Malaysia 6.64	Singapore 2.71
Austria 2.36	Greece 4.02	Malta 0.84	South Africa 8.59
Belgium 8.72	Hong Kong 12.53	Netherlands 3.25	Spain 16.45
Canada 2.84	India 6.54	New Zealand 3.13	Sweden 12.92
Cyprus 0.85	Ireland 1.14	Norway 12.28	Switzerland 2.49
Denmark 11.09	Israel 6.06	Portugal 294.00	Turkey 418.910
Finland 8.879	Italy 2.856	Saudi Arabia 8.14	USA 1.918
France 9.97			

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# FinanceGuardian

## Japan's stitch just in time

### Surrender to US causes disquiet

Alex Brummer in Tokyo

**T**HE Japanese government was preparing tough measures last night to restore international confidence in its banking system as part of the reforms demanded by the US to rescue the yen.

Government officials are stitching together a programme to win the support of the Group of Seven which will hold an emergency session in Tokyo tomorrow but the surrender to US demands is causing disquiet inside the Japanese administration.

"The yen rescue signals a reversal of policy by everybody. Now everyone will want to see that Japan carries through with its reforms,"

said a senior G7 source. Japan is also being urged to push ahead with long-term tax reforms and deregulation of the economy.

The joint US-Japan rescue operation has bought temporary respite for the Japanese authorities. Last night a dollar was buying 137.38 yen, against the 144 yen before the estimated \$6 billion (\$3.6 billion) rescue.

The American official charged with acting as enforcer of Japanese reforms, the Deputy Treasury Secretary Lawrence Summers, met his Japanese counterparts yesterday but some Japanese investment bankers have questioned President Clinton's motives in taking such a prominent role.

"The action was prompted by criticism from Asian



Under control... Japan's Ryutaro Hashimoto pledges to clean up loans mess

neighbours who didn't like the yen depreciation," an economic adviser to the Japanese government insisted yesterday. "I believe that the criticism is exaggerated. The prosecutor has still to prove the case that a weak yen is harmful to our neighbours."

Some market operators were equally sceptical about the medium term sustainability of the yen recovery and the sudden improvement in Asian markets in general.

At the weekend G7 meeting, Japanese finance minister Hikaru Matsunaga will unveil a three-point strategy.

● The government will take a more aggressive stance to force banks to restructure. This was a condition of the \$200 billion assistance released to them in March.

● Disclosure at financial institutions to be improved. Many banks are still thought to be hiding the true extent of the bad loan problem for fear of losing business.

● Tighten banking supervision. A new financial surveillance agency, to be stripped out of the all-powerful Ministry of Finance, is due to be created on Monday.

lowered by Moody's as a result of what the agency termed "deteriorating financial fundamentals".

The other leading US credit agency, Standard & Poor's, placed three of Japan's biggest banking empires on credit watch - Sumitomo, Trust and Banking, Mitsubishi Trust and Banking, and Daiwa.

All have heavy exposure to fragile companies in property and construction.

The G7 will also use tomorrow's meeting to send a message to the rest of the Asia-Pacific region that there should be no "panic responses" to the devaluation of the yen, which has fallen by 50 per cent since 1993.

G7 officials fear that if the message that the US stands behind the yen does not come through clearly there could be another wave of selling pressure which might draw the Philippines and others into the crisis. It is determined to set the stage for global and regional co-operation in solving the Asian problem.

### Notebook

### Seoul banks do too little too late

Edited by Lisa Buckingham

**B**ANK managers in South Korea are not renowned for ruthless decision-making. But having been ticked off for foot-dragging by President Kim Dae-jung they have belatedly pulled the rug from under 50 companies.

Crucially, the list includes 20 subsidiaries of the five most powerful conglomerates, or chaebols, which were in large measure responsible for the financial disaster which has overtaken the country.

Chaebols such as Hyundai, Samsung and Daewoo are household names. But that familiarity has been built by aggressive, debt-driven expansion based on ego and ambition rather than any financial justification.

The fact that Seoul's Financial Supervisory Commission will cut funding to some chaebol units and has said the list could grow is to be welcomed. The companies included are supposed to be those most unlikely to survive even if interest rates fall substantially.

But considering the will they won't they dance of the seven veils which preceded publication of the list, the reality is disappointing.

The targeted chaebol subsidiaries are pretty small fry. There are many much larger and more significant units which are bankrupt and should have been included. Cutting their lifeline will make almost no difference to the underlying viability of the Seoul banking system.

President Kim knows that firm and swift action is needed to stop a further flight of foreign investment which would put even more pressure on the Korean currency, the won.

But yesterday's announcement fell far short of the radical corporate overhaul needed to start rebuilding that confidence.

### Does size matter?

**B**OEING, the world's biggest aerospace company, took to the transatlantic airwaves yesterday to outline its forecast for air passenger growth over the next 20 years.

Its annual current market outlook (CMO) predicts growth of 4.9 per cent — and a staggering 17,650 new jet airliners, worth \$125 trillion (around £760 billion), to take off.

That means there will be 26,200 planes in total compared with 12,300 in 1997. But, surprise, surprise, 70 per cent of those new planes will be single-aisle models — just like Boeing's 717, 737 and 757.

The Seattle-based company's CMO sees little or no demand for the planned 550-

seater A3XX from an unnamed competitor (alias Airbus Industrie).

But Airbus, the four-nation consortium from Britain, France, Germany and Spain, insists that bigger planes will account for a quarter of the overall market... over the next two decades, precisely.

It says they will be needed to deal with congestion, both on the ground and in the skies, and to meet the wishes of customers for space and distance.

Boeing's research indicates that market forces favour frequency rather than size.

Boeing's CMO is widely admired in the industry. Cynics would suggest it is useful armaments in the battle of the aviation giants.

Boeing is still smug from last year's market share drop to 55 per cent. And, after all, Boeing is keeping its own door open for a bigger jet — just in case the CMO turns out to be wrong.

### Football factor

**F**OR the third day in a row yesterday, the Office for National Statistics disgorged a scary set of numbers. On top of rising inflation, unemployment and average earnings, it seemed we now have a high-street spending boom.

At first glance, it's hard to avoid the conclusion that interest rates will have to go up again.

That was certainly the consensus in the City. But just as with the inflation and earnings numbers, which were distorted by an erratic bounce in seasonal food prices and one-off bonuses, there is a health warning to go with the retail sales figures.

A significant part of the admittedly large 1.7 per cent increase in sales volumes between April and May was due to the warm weather, which sent everyone out to replenish their summer wardrobes.

However, June's downpour will have nipped that trend in the bud.

An additional factor which will probably send this month's retail sales figures into reverse is the World Cup. Just as the funeral of Diana, Princess of Wales, kept shoppers at home in September, a national event like the World Cup is likely to lead to a sharp drop in spending in the high street in June and July.

The Bank of England's monetary policy committee is certainly braced for a downturn (TV dinners and booze aside), according to Bank insiders.

So once again the message to the monetary policy committee is: don't panic.

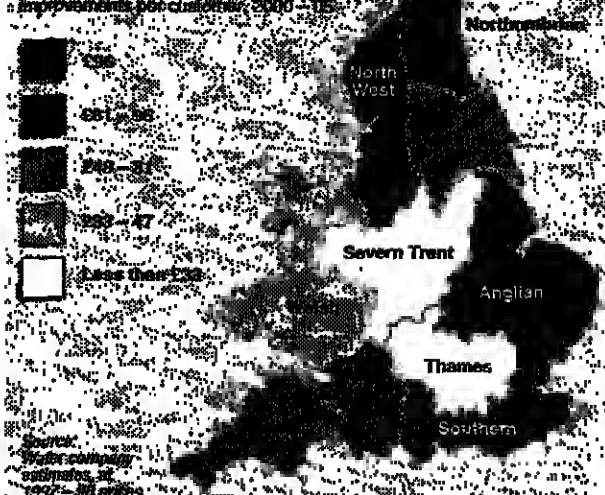
The retail sales figures are a notoriously erratic series. Indeed, the ONS says that the underlying trend in May was little changed from April.

Taking the latest three months and comparing them to the previous three reveals an increase of 0.6 per cent, representing modest growth not a runaway boom.

With the cascade of doom from Japan becoming ever more threatening, interest rates should still be left on hold.

### Who will pay

Estimated cost of proposed water supply improvements for customers 2000-2005



## £46 on water bills for clean-up puts pressure on Prescott

Byatt attacks cost to consumers of environment work proposed by water companies, writes David Gow

**W**ATER consumers could soon be forced to pay £46 or more a year to fund environmental improvements that bring little benefit, Ian Byatt, the industry watchdog, warned yesterday.

Mr Byatt, director general of Ofwat, the water industry regulator, challenged John Prescott, the Environment Secretary, to take a "hard-nosed, cost-effective" look at maximalist proposals to improve the environment and make

them more modest, or force consumers to pay more.

Mr Prescott and Ron Davies, the Welsh Secretary, are due to set guidelines next month on at least nine proposals from the Environment Agency (EA), the European Union and MPs, some of which Mr Byatt considers to be of dubious value.

Water and sewerage companies have said the capital costs could be up to £15 billion between 2000 and 2005 and add at least 26p to the average consum-

er's bill, now £242 a year. But Mr Byatt reckons the maximum cost would be £10.7 billion, or £46 a year for the average consumer.

Adopting a more belatedly pro-consumer approach than usual in presenting Ofwat's annual report, Mr Byatt criticised the EA, accusing it of failing to set priorities or discuss cost-benefits.

But Geoff Mance, the agency's director of waste management, said Mr Byatt was out of touch with public opinion. People were

willing to pay more for cleaner beaches, better protection for wildlife and cleaner rivers.

The proposed national environmental programme would remove offensive pollution from more than 5,593 miles of river and benefit 100 sites of special scientific interest, he said.

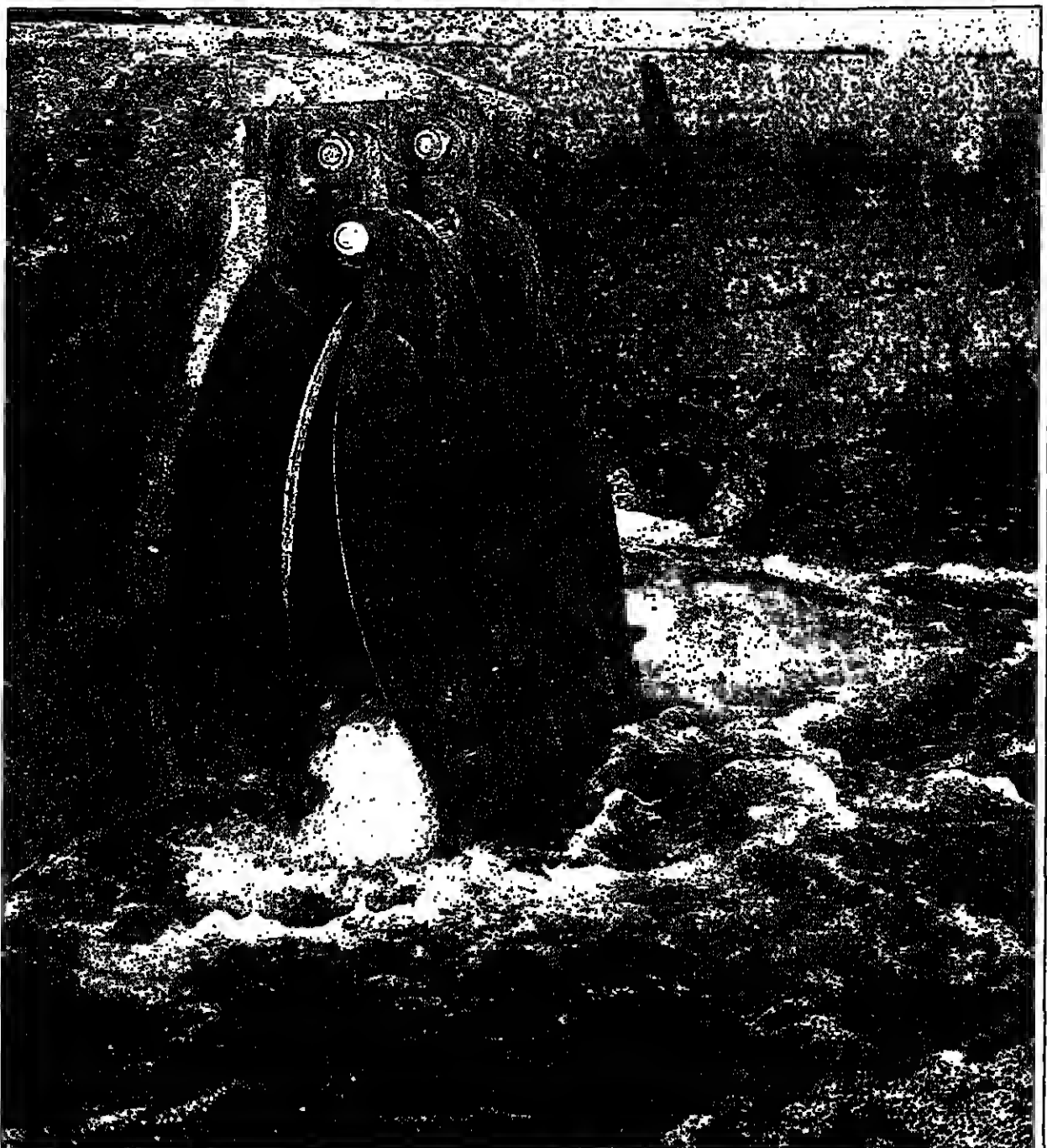
In turn, the watchdog said surveys showed consumers wanted lower bills, with only a third prepared to pay £5-£10 for improved quality. Mr Byatt indicated he would approve spending

on nature reserves, but not on forcing companies to treat sewage before discharging it into seas which rapidly disperse it.

Mr Byatt wants consumers to benefit from a one-off cut in their bills in 2000 when a new 5-year price limit takes effect. But yesterday he warned that as little as a quarter of environmental improvements could be met through increased efficiency by water companies during that period and consumers would swiftly pay more. Mr

Byatt also wants water consumers, domestic and corporate, to benefit from at least some of the increased competition enjoyed in the gas, electricity and telecommunications markets.

More bodies using large amounts of water, including district hospitals, should be allowed to benefit from lower tariffs, provided companies did not pass on the cost to other consumers, and more new entrants should be allowed to use pipelines to supply firms and, ultimately, households.



Consumers could face much higher bills to cover the capital costs of projects such as tackling outfall pipes pumping contaminated water into the sea

## George sees tough times ahead but no recession

Mark Atkinson Economics Correspondent

**B**ANK OF England Governor Eddie George gave warning yesterday that the economy could be heading for a period of turbulence but played down fears of recession.

In evidence to the Treasury committee, Mr George said that inflation, which leapt to an underlying rate of 3.2 per cent in May, was likely to remain above the Government's 2.5 per cent target in the short term.

This, he said, was largely due to tax increases in the budget.

At the same time, he said, it

was possible that unemployment would rise, bringing stagflation — rising inflation and a lengthening dole queue.

But that was not the most likely outcome. Looking to the future, the Governor said that over the next two years inflation would fall towards the target, although slowing economic growth was likely to mean rising unemployment.

"I see very little likelihood of deflation," Mr George said in answer to a question about the threat to the UK posed by the darkening international scene.

Attending a US-style confirmation hearing, Mr George said that he had received a private assurance from the

Government before the June 4 meeting of the monetary policy committee (MPC), when interest rates were raised to 7.5 per cent, that its own spending plans, unveiled last week, would not affect the fiscal outlook over the next two years.

But how that they were public, the MPC would examine them to see if they were likely to have any impact on inflation.

In a statement released after the hearing, David Heathcoat-Amory, shadow chief secretary to the Treasury, accused the Chancellor, Gordon Brown, of keeping the committee in the dark about his plans to loosen the reins on public spending.

He said that the Governor "must have been amazed when the Chancellor announced that, starting in April 1999, public spending is to rise faster than any of the plans set out in the last Budget."

"Monetary and fiscal policy are now pulling in opposite directions," a member of the MPC, DeAnne Julius, who voted for an interest rate cut at June's meeting, told the committee that she had done so because she thought there was spare capacity left in the economy which would keep inflationary pressures at bay.

She also thought that later rates were too high for the stage of the economic cycle.



**'I do think activity will and needs to slow down and I do think it's likely unemployment will rise and I do think inflation will remain higher in the short run but will come down to 2.5 per cent'**

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